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FINANCIAL TIMES

Yeltsin

Russia's parliament finds him fighting fit

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Claude Bébéar's hunting instinct

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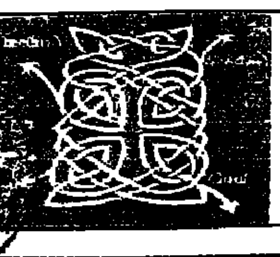


FT WEEKEND

The myth of the Celts

TOMORROW

World Business Newspaper http://www.FT.com FRIDAY JUNE 13 1997

● The sixth part of our 12-part series, FT Mastering Finance, appears on Monday. Topics include behavioural finance, short-termism and portfolio theory plus the answer to our competition.

OECD predicts stronger growth in next two years

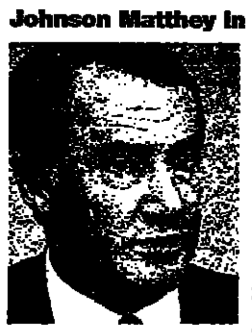
Economic growth in industrial countries should be stronger this year than at any time since 1989, with only a slight slowdown next year, the Organisation for Economic Co-operation and Development said. Growth in the OECD's 29 member countries should average 3 per cent this year, dropping to 2.7 per cent in 1998, and all should see their economies expand this year, the Paris-based think-tank said in its Economic Outlook. Page 16: Italy to meet Emu criteria, Page 6

Fall in US retail sales continues: US retail sales fell in May for the third consecutive month, the Commerce Department said. The drop partly reflected slower sales of costly durables such as cars. Page 8

Polo Ralph Lauren shares surge: Shares in US fashion group Polo Ralph Lauren surged, placing it among Wall Street's most successful new issues. Brooklyn-born designer Ralph Lauren's stake is worth some $1.42bn. Page 17

Seagate to create 1.000 jobs in Ireland: US data technology company Seagate Technology is to invest I£148m ($220m) in a factory in the Irish Republic to manufacture computer disc drives. The move will create 1.000 jobs within three years. Page 7

Johnson Matthey in Japanese deal



Johnson Matthey shares rose 61½p to 523p after the UK precious metals and engineering group announced a breakthrough licensing agreement with Kyocera, Japanese manufacturer of microprocessor components. The group also announced annual operating profits up from £111m to £116.3m. Chief operating officer Chris Clark (above) highlighted the precious metals division, where profits rose even though falling prices cut sales revenue. Page 17; Results, Page 22

Ford backs UK welfare-to-work: Ford has backed the UK government's welfare-to-work programme after its board met British prime minister Tony Blair. Ford also announced a £40m ($65.2m) investment at its Enfield components plant in north London. Page 10

Red chip index launched: Red chips, the Chinese mainland-backed companies that have attracted a large following in the final months of British rule in Hong Kong, will be tracked by their own index from next week. Page 17

Debt problems spread to Vietcombank Vietnam's bad debt problems have spread to the country's largest state-owned bank. Vietcombank has refused to pay foreign banks money owed under letters of credit from two companies based in Ho Chi Minh City. Page 16

Mideast peace hopes rise: The Egyptian president's political adviser, Osama el-Baz, met Israeli and Palestinian leaders amid cautious optimism that the two sides were moving back towards negotiations. Page 6

Gazprom seeks up to $3bn: Dresdner Kleinwort Benson and Credit Lyonnais are expected to win a mandate to raise $2bn-$3bn for Gazprom, Russia's politically embattled natural gas monopoly. Page 17

Laptop users brought down to earth: Passengers using laptop computers or mobile telephones aboard aircraft could in future face imprisonment or a fine under plans approved by the German cabinet. The proposed law is the first banning the use of such equipment with the penalty of imprisonment. Page 3

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STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	7657.30	(+81.47)
NASDAQ Composite	1407.26	(-0.59)
Europe and Far East		
CAC40	2760.27	(+64.08)
DAX	3707.99	(+30.56)
FTSE 100	4757.4	(+32.6)
Nikkei	20,564.46	(+274.53)

US LUNCHTIME RATES

Federal Funds	5⅝%
3-mth Treas Bills: Yld	4.947%
Long Bond	98½
Yield	6.769%

OTHER RATES

UK: 3-mo Interbank	6⅝%	(same)
UK: 10 yr Gilt	101⅜	(101)
France: 10 yr OAT	98.90	(98.37)
Germany: 10 yr Bond	102.08	(101.50)
Japan: 10 yr JGB	103.924	(104.140)

NORTH SEA OIL (Argus)

Brent Dated	$16.90	(17.04)

GOLD

New York: Comex	$341.2	(343.6)
London: close	$342.55	(344.05)

DOLLAR

New York: lunchtime		
£	1.6345	
DM	1.72645	
FFr	5.8265	
SFr	1.44115	
Y	114.15	
London:		
£	1.6349	(1.6371)
DM	1.724	(1.7148)
FFr	5.8185	(5.7985)
SFr	1.4433	(1.4365)
Y	113.94	(111.345)
Tokyo close:	Y 114.09	

STERLING

DM	2.8184	(2.8071)

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New chief announces shake-up of household appliances supplier

Electrolux cuts 12,000 jobs

By Greg McIvor in Stockholm

Electrolux of Sweden, the world's largest supplier of household appliances, is to cut 11 per cent of its workforce in a sweeping restructuring announced yesterday by Mr Michael Treschow, its new chief executive.

Mr Treschow, who took over last month when Mr Leif Johansson moved to Volvo, said the measures – which will cost SKr2.5bn ($321 million) – were necessary to raise profitability and shareholders' returns to targeted levels.

Electrolux, Sweden's biggest private-sector employer with a workforce of 105,000 worldwide, is shedding 12,000 jobs and is to shut 25 plants and 50 warehouses within two years.

The group's most-traded B shares soared SKr63, or 14 per cent, to an all-time high of SKr529 as investors welcomed the prospect of restructuring gains.

"A shake-up has been overdue and people are very happy to see it has happened," said Mr Colin Gibson, analyst at UBS in London. "It looks much more comprehensive than anyone dared hope."

Mr Treschow did not directly criticise his predecessor, although he said it was rapidly apparent on joining the group that restructuring was essential. The group's "complex" corporate management structure is also being streamlined.

"In the past we have been most criticised for failing to deliver sufficient profitability. If we don't deliver that we can't create pride in our business," he said.

Under Mr Johansson, Electrolux consistently failed to meet its target of a 6.5-7 per cent operating margin and 15 per cent return on equity. The margin last year was 4 per cent, while return on equity was 8.7 per cent.

In his previous job as chief executive of Atlas Copco, the Swedish engineering group, Mr Treschow managed successively to lift margins. He stressed Electrolux was not withdrawing from any operations, but was seeking to concentrate its production and improve capacity utilisation.

He did not say how much the company would save, only that it would be "substantially higher" than the SKr2.5bn restructuring charge. This sum is to be booked in Electrolux's second-quarter accounts and will be offset by a SKr600m capital gain from the disposal of the Husqvarna sewing machines division.

Electrolux said it had yet to decide the geographical spread of the rationalisation package, one of the biggest ever undertaken by a Scandinavian corporation. It has 150 factories, of which 95 are in Europe (with 25 in Sweden) and 33 in North America.

Mr Treschow did signal, however, that particular attention would be paid to the least profitable units. The commercial appliances side, which supplies appliances for industrial users, showed the weakest earnings last year, followed by white goods operations.

Electrolux has been hit hard by weakness in its white goods operations in its main European market since late 1995 and also in the US, where its Frigidaire brand has struggled.

Emu policies hit white goods sales, Page 7
Lex, Page 16

Michael Treschow, left, and Johan Bygge, Electrolux economy chief, announcing the job cuts yesterday Picture: AP

Thyssen's $675m for toolmaker trumps hostile bid

By Ralph Atkins in Bonn and Richard Waters in New York

Thyssen, the large Düsseldorf-based industrial group, yesterday took the role of "white knight" in a US takeover battle with an agreed $675m offer for Giddings & Lewis, the biggest machine tools manufacturer in the US.

Thyssen's offer of $21 a share in cash trumped a hostile approach of $19 revealed in April by Harnischfeger Industries, of Milwaukee, Wisconsin, manufacturer of papermaking machinery and materials handling equipment.

The Düsseldorf group's intervention came less than three months after Thyssen itself was subject to a hostile takeover bid from Krupp, the German steel and engineering group. Krupp called off its approach after agreeing a deal to create a joint steel business with Thyssen.

The acquisition of Giddings & Lewis, which said it had approached the German group to seek a counter-offer, would extend significantly Thyssen's interests in the US, which accounted for only 14 per cent of revenues in the 1995-96 financial year. It would also lift Thyssen's involvement in supplying machinery to automotive manufacturers, which accounts for about 50 per cent of Giddings & Lewis' sales.

Mr Marvin Isles, the US company's chairman, said the transatlantic combination in part reflected the changes under way among automotive parts companies, which have also been involved in a rash of international mergers. The machine tool industry "will globalise and consolidate" to follow its customers.

Mr Dieter Vogel, Thyssen chairman, called Giddings & Lewis "the ideal fit with Thyssen to enhance our core production systems business".

The acquisition will preserve a role for the existing management of the US

Continued on Page 16
Breaking mould, Page 18
Editorial comment, Page 15

Japanese plan commissions reform

Move expected to hurt weaker brokers

By Gillian Tett in Tokyo

Japan will liberalise brokerage commissions fully within two years as part of its "big bang" financial deregulation.

According to proposals due to be published today, commissions on transactions above Y50m ($435,000) will be liberalised as early as April.

The move is expected to hurt many weaker brokers and could trigger broader change in Tokyo's markets.

A similar abolition of fixed commissions in London in the mid-1980s and in New York 10 years earlier led to wide-ranging consolidation in the securities industry.

Other reform recommendations are also being issued today by three government-backed advisory panels.

The proposals, which cover the banking, insurance and securities industries, and which the government is broadly committed to accept, provide the first blueprint for Japan's big bang programme.

The proposals are in line with a pledge by Mr Ryutaro Hashimoto, the prime minister, to deregulate financial markets before 2001 and call for the removal of barriers between the different sectors of Tokyo's financial markets.

They may disappoint those pressing for fast reform, however. Although banks want early permission to market insurance products, today's proposals will delay this for years.

In other areas the proposed changes are swifter than many had expected. . As early as next year, it is suggested, securities companies would be allowed to offer customers bank-style accounts, and banks to underwrite some securities.

Similarly, the relatively early abolition of fixed brokerage commissions has pleased those pushing for radical reform. The move has been vehemently opposed by Japan's ailing smaller securities companies, which fear a loss of business.

Commissions on transactions over Y1bn have already been liberalised. Until now, however, the price of other commissions have been fixed at some of the highest rates in the world.

Although the liberalisation of commissions over Y50m next year is expected to affect mainly medium and large brokers, the industry expects the full programme will eventually cut institutional commissions in half, and retail commissions by 20 per cent.

Mr David Richards, of Goldman Sachs in Tokyo, predicts this will reduce brokerage revenues by at least 10 per cent across the sector, with much larger losses at smaller brokers. "This will speed restructuring of the sector, and could lead to smaller companies leaving the industry," said Mr Richards.

The changes are expected to benefit companies, including foreign firms, who are now seeking to expand in Tokyo - as well as cutting the cost of commissions for fund managers operating in Tokyo.

Mr Clifford Shaw, chairman of Mercury Asset Management in Tokyo, said: "From our point of view, more competition is good. We expect a cut in costs of about 50 per cent."

Thoman leaves IBM to become Xerox president

By Richard Waters in New York and Louise Kehoe in San Francisco

Mr Richard Thoman, chief financial officer of International Business Machines, has resigned to join Xerox. He will become president and chief operating officer and be in line for the chief executive's post.

In his two years as chief financial officer at IBM, Mr Thoman had much to do with the company's renewed popularity on Wall Street.

His easy-going style proved popular with financial analysts and was credited with clarifying IBM's finances and restructuring its international operations.

Xerox shares rose by 4 per cent during the morning. IBM, however, was down slightly from Wednesday's close of $87 1/8 at $86 3/8. Mr Thoman's departure left a gap in the top executive ranks that may be difficult to fill, analysts said.

The move was also seen as a blow to Mr Lou Gerstner, IBM chairman, who brought Mr Thoman with him to the computer company four years ago.

Until now, the careers of Mr Gerstner and Mr Thoman have been closely linked. The two worked together at McKinsey, the management consultancy, then moved to American Express and RJR Nabisco before arriving to sort out a struggling IBM. In a brief memo to IBM employees, Mr Gerstner yesterday wished his long-time colleague well.

"I have known and worked with Rick for many years," said Mr Gerstner. "He has always wanted at some point to run his own company and feels that this is the right opportunity for him." Mr Thoman, asked yesterday whether this would mark his last career move, said: "I certainly hope so."

Mr Thoman refused to comment on Mr Gerstner's plans at IBM, but said: "I wanted to run a world-class company . . . and I wasn't sure how likely that would be at IBM."

He is joining Xerox as the company struggles to wean itself from its biggest product line – traditional black and white photocopiers.

Xerox also plans fast overseas growth – an area in which Mr Thoman's experience in reorganising IBM's international operations would help, said Mr Paul Allaire, Xerox chief executive and chairman.

Mr Thoman will take over the company's day-to-day operations at the beginning of next month, leaving Mr Allaire responsible for strategy and governance issues.

Mr Allaire said he planned to stay at Xerox "a couple of years past" his 60th birthday, in July 1998, and that the intention was for Mr Thoman to succeed him.

At IBM, Mr Thoman's job will be filled on an interim basis by Mr Larry Ricciardi, who will continue to be responsible for the company's legal, government and intellectual property issues.

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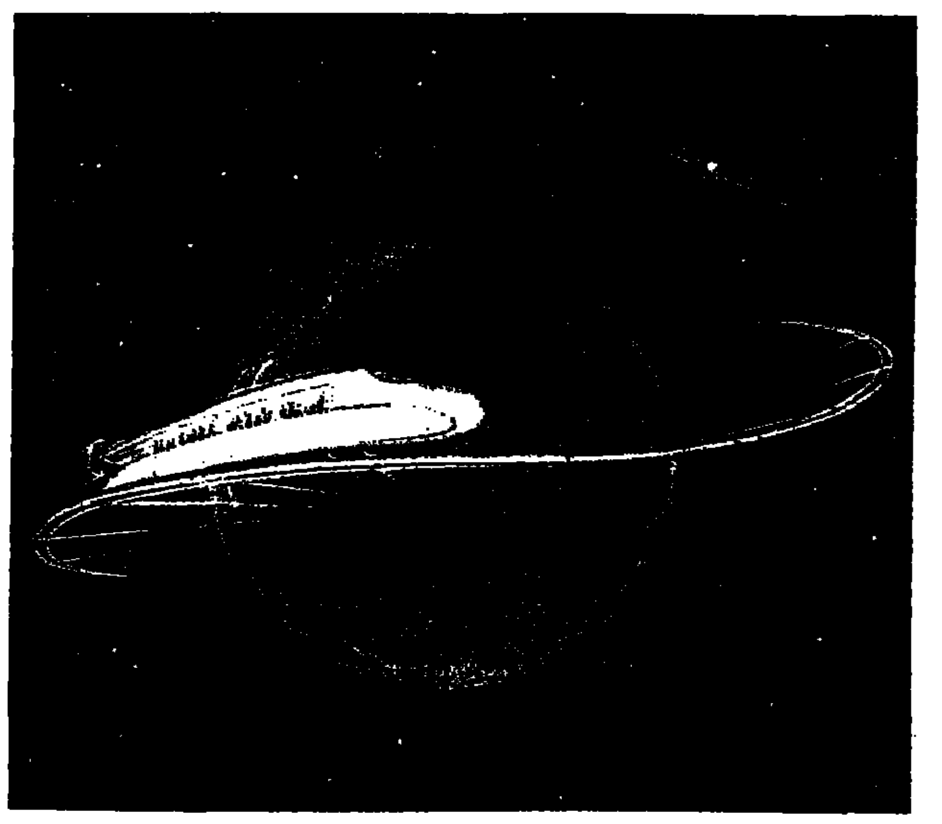
LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG



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Jospin to meet Kohl today as government thrashes out ways to ensure priority for jobs

France at sea over stability pact

By David Buchan in Paris

France goes into today's bilateral summit with Germany in a state of confusion over the stability pact that is to govern the European single currency, with the new leftwing government still thrashing around for ways to ensure priority for jobs.

Indeed, France may not reach a unified position to present to its partners at next week's European Union summit in Amsterdam until Mr Lionel Jospin, the new Socialist prime minister, and President Jacques Chirac meet over the weekend to discuss the outcome of their talks at Poitiers with Chancellor Helmut Kohl.

"We are advancing," Mr Jospin told reporters yesterday after he met Mr Jacques Santer, European Commission president, in Paris. He said that his new government's determination that Europe's planned economic and monetary union should promote employment "concerns not just France, but all European countries" and that "these preoccupations have been understood".

The visit to Paris by Mr Santer and Mr Yves-Thibault de Silguy, monetary affairs commissioner, helped clarify the way in which the rest of the EU might meet the Jospin government's concerns. These include reinforcing a new treaty section on employment and social policy, and a summit resolution on what can be done within the Maastricht treaty to ensure macroeconomic co-ordination between governments promotes jobs.

"There is no need to modify the treaty," insisted a Jospin aide, who suggested that some kind of legal text might follow later in the year from any resolution agreed at Amsterdam.

But the negotiations were not directly advanced by the visit of Mr Santer, who according to French officials has been told by the Netherlands to channel all his proposals through the Dutch EU presidency. Mr Santer also met Mr Chirac yesterday, but did not discuss any details, partly because the French president said he did not want to get intimately involved – except to stress that he wants the stability pact agreed at Amsterdam.

President Chirac's aloof attitude, in the first serious international test of his cohabitation with the leftwing government, was underscored by his spokeswoman yesterday. "The president regards the [Jospin] government's demands as justified," she said. But "it is up to the government to conduct these negotiations" with France's partners. "The president does not wish to take the place of the government – his role is to help in the search for a solution."

This presents a confusing situation today for Mr Kohl. In Poitiers he will first meet Mr Chirac, and then hold separate talks with Mr Jospin. The three men will only meet together for a brief plenary session and for a press conference. Elysée aides were last night unclear about what stance Mr Jospin would take today, while the latter's officials were mostly too busy refining their position to answer inquiries.

Industry fears barrier to entry of goods

By Emma Tucker in Brussels

European industry leaders fear that the single market could be fragmented by a proposed amendment to the EU treaty which would make it easier for governments to stop goods entering their countries on environmental grounds.

Unice, the European employers federation, says the planned amendment – likely to be agreed by heads of government at Amsterdam next week – would send exactly the wrong signal at a time when EU leaders want to make completion of the single market a priority. "This treaty amendment would open the door to the introduction of new restrictions to the free movement of goods, posing a grave threat to the integrity of the single market," said Unice.

The proposed change, tabled by the Dutch government, would allow member states to introduce new national provisions for protecting the environment, even if they discriminate against goods from other member states.

However, officials drafting the treaty say Unice's concerns are exaggerated as member states would have to justify their actions on scientific grounds. Further, they would have to notify the European Commission, which will have six months to approve or reject the provisions.

The Dutch argue that these conditions will ensure that member states do not use the amendment to erect protectionist barriers. But Unice is suspicious and points out that there has been a growing tendency among states to use environmental legislation to protect domestic industries over the past few years.

Mineral water and wine producers in countries such as France, Italy and Belgium are particularly aggrieved. They have found it difficult to sell their products in Germany because of a national packaging decree which reserves 72 per cent of the German drinks market for goods in refillable packages.

This discriminates against drinks manufacturers from outside Germany who have to transport the empty bottles over greater distances.

They prefer to export drinks in what is known as "single trip" recyclable packaging.

Critics say the measures both protect the German bottling industry and breach Article 30 of the EU treaty, which provides for the free movement of goods. The Commission is seeking a compromise with Germany on the issue.

Although France, Italy, Spain, Portugal, Greece and Belgium originally opposed the amendment, it is likely to win full approval for inclusion at the treaty, during next week's summit.

The Commission, which has some reservations about the change, generally believes that there are enough safeguards in the amendment to ensure that it is not abused.

West European new car registrations
January-May 1997

	Volume (Units)	Volume Change(%)	Share (%) Jan-May 97	Share (%) Jan-May 96
TOTAL MARKET	5,866,100	+0.3	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,018,994	+1.8	17.4	17.1
– Volkswagen	635,710	-3.9	10.9	11.3
– Audi	203,050	+13.5	3.5	3.1
– Seat	136,189	+7.1	2.3	2.2
– Skoda*	44,045	+31.6	0.8	0.6
Fiat group##	737,357	+8.8	12.6	11.8
– Fiat	606,044	+10.3	10.4	9.4
– Lancia	74,219	-6.1	1.3	1.4
– Alfa Romeo	55,679	-8.4	1.0	1.0
General Motors#	718,862	-4.3	12.3	12.9
– Opel/Vauxhall	689,694	-4.4	11.8	12.4
– Saab**	26,560	+7.7	0.5	0.4
Ford group#	657,343	-5.9	11.2	12.0
– Ford	649,383	-6.2	11.1	11.9
– Jaguar	7,960	+29.8	0.1	0.1
PSA Peugeot Citroën	646,095	-6.0	11.0	11.8
– Peugeot	371,591	-9.1	6.3	7.0
– Citroën	273,504	-1.4	4.7	4.8
Renault	560,998	-1.6	9.6	9.8
BMW group	350,954	+2.1	6.0	5.9
BMW	187,686	+1.7	3.2	3.2
Rover	163,268	+2.5	2.8	2.7
Mercedes-Benz	208,945	+0.8	3.6	3.6
Volvo	104,318	+28.2	1.8	1.4
Nissan	171,952	+5.6	2.9	2.8
Toyota	160,955	+9.1	2.7	2.5
Honda	91,887	+3.9	1.6	1.5
Mazda	82,125	+0.6	1.4	1.4
Mitsubishi	74,751	+3.6	1.3	1.2
Total Japanese	670,002	+7.0	11.4	10.7
Total Korean	111,041	+4.1	1.9	1.8
MARKETS:				
Germany	1,514,900	-4.9	25.8	27.3
Italy	1 089,600	+27.9	18.6	14.6
United Kingdom	902,200	+5.0	15.4	14.7
France	691,300	-22.8	11.8	15.3
Spain	417,100	+9.0	7.1	6.6

*VW holds 70 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
Source: ACEA (European Automobile Manufacturers Association) estimates. Figures are rounded.

New car sales down by 1.9%

By Haig Simonian, Motor Industry Correspondent

New car sales in western Europe slipped by 1.9 per cent to 1.15m last month compared with a year ago, confirming the relative weakness of registrations this year, in spite of spectacular growth in the big Italian market.

Sales of new cars in Italy soared by more than 45 per cent in May, compared with the previous year, on the back of a government sales incentive scheme. The scheme, which offers substantial cash incentives to motorists trading in older vehicles, has lifted registrations by almost 28 per cent in the first five months of this year compared with 1996. That has turned Italy into Europe's second biggest market this year behind Germany and pushed the Fiat group into second place in the manufacturers' sales league in Europe.

In contrast, the French market continued its slump after the termination of the government's incentive programme last year. Registrations fell by more than 23 per cent in May, countering optimism earlier this year that the worst of the downturn was over. New car sales in the first five months fell by almost 23 per cent.

Sales also fell sharply in Germany, amid concern about high unemployment and economic difficulties. Registrations fell by almost 13 per cent to 295,000 in May, while sales in the first five months dropped by nearly 5 per cent to 1.5m.

Contrasting figures affected national brands accordingly: Peugeot-Citroën and Renault of France suffered a further fall in sales, although both managed to compensate partly for their weak home market with higher exports. Ford and General Motors continued to lose ground, while Volkswagen continued to consolidate, in spite of weaker registrations for the core VW brand. VW has been affected by declining demand for its mainstream Golf model ahead of its replacement later this year.

Korean brands, which, unusually, fell by 4.5 per cent year on year in April, returned to their upward trend with a 6.3 per cent rise in May, taking the increase in sales for the first five months of this year to 4.1 per cent.

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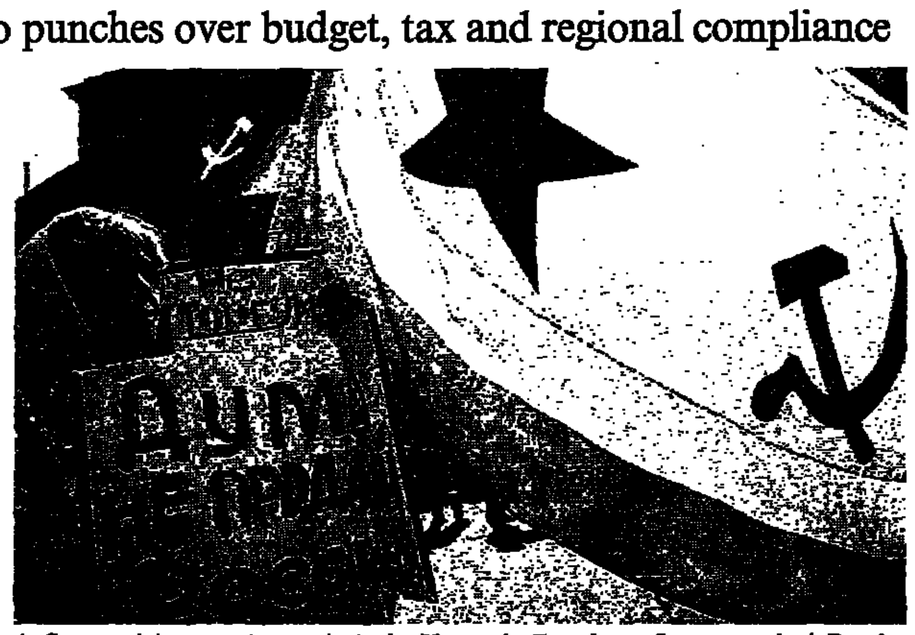
President's men square up for showdown with duma

Yeltsin to pull no punches over budget, tax and regional compliance



A Communist supporter protests in Moscow's Tverskaya Square against Russian Independence Day (yesterday), which marks parliament's decision six years ago to proclaim Russian an independent republic. The sign reads: "Duma, don't sell Russia" Reuter

President Boris Yeltsin has always been proud of the pugnacious streak in his character, delighting in confrontation even as a rebellious teenager in Stalin's Soviet Union. Now that he has rebounded from illnesses that forced him into political seclusion for the second half of last year, the Russian leader seems again determined to make conflict his style of governance.

Backed by an equally battle-loving team of young reformers, the Kremlin has picked fights over the past few weeks with all other significant branches of political power in Russia.

Thus Kremlin officials have threatened to dissolve the communist-dominated parliament if it fails to pass a belt-tightening budget and the first reading of the tax code before its summer recess later this month. The president's men have also set themselves on a collision course with Russia's powerful, elected regional governors, warning that they may sack the high-profile chief of a far eastern province unless he toes Moscow's line.

Mr Yeltsin and his reform ministers have even begun to fire warning shots in the direction of Mr Victor Chernomyrdin, prime minister and patron of Russia's influential oil and gas lobby.

But the main battle is with Mr Yeltsin's familiar adversary, the left-leaning duma, the lower house of the Russian parliament. Constrained by a 35 per cent shortfall in planned tax revenues, the government is seeking parliamentary approval for an austere mini-budget. Although the cabinet can make its proposed cuts even without the duma's backing, if it acts unilaterally the government risks being attacked in the autumn for having grossly departed from the 1997 budget.

However, MPs, who this week postponed a decision on the issue until June 13, just a few days before their summer recess, are baulking, in part because just a few months ago the Kremlin pressed them into backing the now untenable 1997 budget.

"Three months ago the government told everyone they had to pass the 1997 budget, they said it was wonderful," explains Mr Grigory Yavlinsky, leader of Yabloko, the largest liberal faction in parliament.

"Now they are coming back and saying, that was a bad budget, we need a new one. Especially for the Communists, that is very hard to swallow."

Pressure is also building over a new tax code – a vital part of the Kremlin's efforts to revive Russia's struggling enterprises – which the government is trying to push through in a first reading before the end of June. But on this issue as well, the government's haste has alienated some pro-reform legislators.

"The political pressure which Chubais [Anatoly Chubais, the first deputy prime minister and a leading architect of Russian reforms] is applying on the duma is a very serious mistake," argues Mr Mikhail Zadornov, chairman of the parliamentary budget commission. "It is catering to short-term political needs rather than long-term economic ones. If we pass the budget in a hurry, we could end up with a worse tax code than the one we have now."

But the government's aggressive new reform squad is unapologetic.

"The president will put the issue very starkly to the parliament," a senior finance ministry official predicted. "Either the parliament passes the tax code and the new budget, or it will be dissolved."

The Kremlin is also taking a harsher tack in its relations with Russia's regional governors, whose independence was increased by a marathon of local elections last year.

In a case clearly intended as a lesson for the rest of Russia, Moscow this week warned Mr Yevgeny Nazdratenko, the popular governor of the far eastern Primorsky region, that he would be sacked unless he followed the central government's orders.

Even Mr Chernomyrdin, Russia's stolid prime minister, is not safe. This week Mr Yeltsin publicly described his performance last year – before the arrival of the young reformers – as "stagnant". This humiliating verdict, broadcast on national television, has set off a barrage of rumours that the premier could be on the verge of dismissal.

The three-pronged offensive is the work of a supremely confident executive, certain of its authority and direction. However, some observers are starting to warn that the Kremlin's young reformers may be guilty of hubris.

"Increasingly, I fear that the Chubais team is becoming intoxicated by its own power," observes Mr Andrei Piontkovsky, director of the Moscow Strategic Studies Centre.

"Yeltsin and the Yeltsin family are currently under their influence, so the young reformers have begun to overrate their own power. They should remember that, if things go wrong, Yeltsin will turn on them without a second thought."

Chrystia Freeland

UK clarifies social chapter position

By Robert Taylor, Employment Editor

The UK government yesterday sought to clarify its position over when it intends to implement measures passed under the European Union's social chapter after the end of the UK opt-out.

This was seen in Brussels as an attempt to reassure the European Commission and a number of member states including France and Italy which feared the UK was attempting to prolong its social chapter opt-out into the next century.

In a statement the UK government's representative to the Commission said the UK's aim was to implement measures passed under the social chapter either "within the period of two years from the date of the signature of the treaty (i.e. by two years from September or October this year) or if the treaty were not to be ratified within that period on the date of entry into force of the treaty".

The European Commission welcomed the UK clarification of the position it took earlier this week which an official said had been misunderstood. This suggested the UK would pass no social chapter measures until two years after treaty ratification. But the Commission said that it still remained unclear at what date the social chapter would be fully implemented in the UK. The two measures passed so far under the social chapter – on European works councils and unpaid parental leave – would still not apply in the UK until the end of 1999 at the earliest.

It added it remained "willing to examine any other means of adopting measures which will apply the directives adopted and any which might be adopted before the entry into force of the treaty". But attempts to establish a quick signing of the social chapter through a "fast-track mechanism" have failed because a number of states said it created "practical difficulties" for them.

The controversy over the timing of the end of the UK opt-out reflects growing suspicion in the Commission about UK intentions over social regulations despite UK reassurances. These feelings are reflected in the simmering row between the UK and the Commission over the EU's burden of proof proposal.

It was under UK government pressure that yesterday's planned social affairs ministerial meeting was postponed until June 27 because of its demand on substantial amendments being made to the burden of proof directive.

The measure aims to ensure that where an employee complains before a court or tribunal about sexual discrimination the employer would have to prove the principle of equal treatment had not been contravened. The UK government says UK law already covers this point so there is no need for new national legislation.

EUROPEAN NEWS DIGEST

US picks its Nato entrants

The US yesterday said it would back only three countries – Poland, the Czech Republic and Hungary – to join Nato in the first wave of expansion. The decision will disappoint Slovenia and Romania, the other front-runners. However, Mr Mike McCurry, the White House spokesman, said those two countries "were clearly on track" to join the alliance.

Slovenia has had support from the US military and influential politicians such as Senator William Roth, co-chairman of a committee guiding enlargement through the US legislature. Romania has been strongly backed by France.

US officials have argued, however, that a relatively small first wave of expansion – to be formally announced at a summit in Madrid next month, and probably completed by April 1999 – should lend plausibility to their promise that others will follow. This will reassure the Baltic states, which have lobbied strongly for membership but were ruled out of the first wave, against a background of strong Russian objection.

By announcing a relatively modest expansion plan yesterday, instead of waiting until the Madrid conference, the administration will help ensure a smooth atmosphere when President Bill Yeltsin meets western leaders in Denver, Colorado next week. *Bruce Clark, Washington*

Former Rumasa chief cleared

Fourteen years of efforts to prove criminal responsibility in the running of Spain's former Rumasa business empire came to nothing yesterday when a Madrid court acquitted the group's mercurial founder, Mr José María Ruiz-Mateos, and four colleagues.

After repeated delays, the 66-year-old businessman was tried in February on two charges of falsification, for which he was extradited from Germany in 1985. Prosecutors were seeking a 12-year jail sentence, but had earlier considered withdrawing the charges because of doubts about their validity under Spain's new legal code.

Rumasa, at the time Spain's largest holding company, was expropriated by the government in 1983 to avoid a looming financial crisis. The subsequent cost to the taxpayer of refloating former Rumasa companies, from banks to department stores, has been estimated at Pta680bn ($4.7bn). Mr Ruiz-Mateos, who staved off trial by launching a brief career as a Euro-MP, has since built up a new international conglomerate in food, construction, property and hotels. His son, representing him, said the acquittal was "a big thing", but still left open the question of compensation. *David White, Madrid*

Biggest solar plant for Crete

The Greek government is planning to build the world's largest solar power station on Crete. Electricity demand on the island is rising at around 8 per cent yearly, twice the Greek average, because of a boom in tourism and increased irrigation of crops. However, islanders have fiercely resisted a planned 150MW diesel-fired power station. The aim with the solar station is to start with 5MW generating capacity and build up to 50MW by the year 2003. The largest existing plant is a 3.3MW facility in Italy.

The solar station will eventually supply 100,000 people on the island at a cost of 8.5 US cents a kilowatt, less than conventional electricity supply on the island. The $17.7m project will be 55 per cent funded by the Greek government and the European Commission, and the rest by Enron Solar, which is supplying the plant. *Leyla Boulton, London and Kerin Hope, Athens*

Bonn's bank stance attacked

The Bonn government's plan to guarantee the special status of Germany's publicly owned banks in a protocol to the European Union treaty came under fire yesterday from the economics ministry's advisory panel of academic economists. Mr Manfred Neumann, the panel chairman, warned that it would create a new area of exemptions from the treaty and could be a dangerous precedent that undermined the integrational character of EU law.

The panel threw its weight behind Germany's private sector banks which believe the publicly owned wholesale and savings banks enjoy an unfair competitive advantage because they are guaranteed by state or local governments. It said such guarantees constituted a subsidy.

However, despite its advice not to pursue a special protocol at the EU's Amsterdam summit next week, the government is to go ahead. *Peter Norman, Bonn*

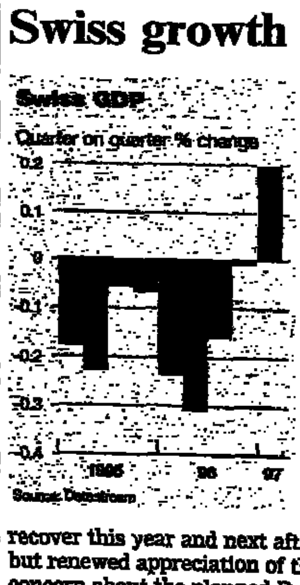
Boost for German revenues

The German government could boost federal revenues this year by at least DM13bn ($7.5bn) more than originally planned through an accelerated privatisation programme – including the sale of surplus crude oil reserves – Mr Günter Rexrodt, the economics minister, has indicated. A minimum of DM10bn could be raised by "parking" a stake in Deutsche Telekom with the Kreditanstalt für Wiederaufbau, Germany's publicly owned development bank. Another DM15bn from Deutsche Telekom could follow in 1998, he said. *Ralph Atkins, Bonn*

■ The Bundesbank expressed confidence yesterday that its dispute with the government over revaluing gold and currency reserves to help Germany qualify for European monetary union would be solved in a way that met its objections. These were stated forcefully two weeks ago, after which Mr Theo Waigel, the finance minister, backed down. The central bank said it saw "good chances" for a satisfactory solution. *Andrew Fisher, Frankfurt*

ECONOMIC WATCH

Swiss growth recovers



Switzerland's economy grew at a seasonally adjusted rate of 0.2 per cent in the first three months of 1997 compared with the fourth quarter of 1996, the first quarterly rise in two years, the Federal Office for Economic Policy said yesterday. However, against the first quarter of 1996, gross domestic product fell by 1 per cent. The Organisation for Economic Co-Operation and Development said yesterday in its annual review that the Swiss economy was likely to recover this year and next after six years of stagnation, but renewed appreciation of the Swiss franc caused by concern about the planned European single currency could impede recovery. GDP should grow by 0.8 per cent in 1997 and 1.8 per cent in 1998 after a 0.7 per cent decline in 1996, the OECD said. *Reuter, Berne and Zurich*

■ Swedish consumer prices were unchanged in May from April, and up 0.3 per cent from a year earlier.

■ Dutch industrial output rose a provisional 3.3 per cent in April from a year earlier before seasonal adjustments, but fell 2.8 per cent after adjustments compared to March.

■ German corporate insolvencies in March rose 1.8 per cent to 2,193 from a year earlier. In the first quarter, insolvencies rose 5.7 per cent to 6,437 compared with the previous quarter.

Ciorbea aims to move mountains

Reform efforts of Romania's PM have won praise abroad but he must sell them at home, write Kevin Done and Anatol Lieven

Mr Victor Ciorbea and his reformist Romanian government could be compared to the legendary Sisyphus, forever pushing his rock uphill. The rock in this case is the Romanian bureaucracy, with its gut dislike of reform and links to entrenched economic interests from the old Communist *nomenklatura*.

But the prime minister insists the comparison is not apt. "Our task may be difficult, but our achievements are irreversible. There can be no going back to the situation as it was before."

Mr Ciorbea's thin, pale, rather haggard face bears witness to the immensity of the task he has assumed in trying to push through the economic reform programme since his election victory last November over the post-Communist administration of Mr Ion Iliescu.

Like President Emil Constantinescu, Mr Ciorbea frequently looks desperately tired. This is no surprise given that cabinet meetings sometimes last for up to 11 hours as the prime minister and his colleagues wrestle personally with details which, with more professional and committed administrative support, could well be left to underlings. His latest discussions with the World Bank lasted until after midnight.

The Romanian government has finally decided how it will regulate foreign portfolio investment, writes Anatol Lieven in Bucharest. All foreign investments, whether in shares or government and other bonds, will be subject to a transaction fee of 1.5 per cent, analagous to stamp duty. There will be no capital gains tax or other tax on repatriated profits.

The new law, to be cast as an emergency decree, will come into force when published in the official gazette, probably next week, but has to be confirmed by parliament later. An earlier draft would have imposed a basic 4 per cent tax on repatriated profits, rising steeply if these were taken out before one year had elapsed. That draft was strongly criticised by western businessmen.

His attention to detail is impressive. In an interview with the FT, he methodically went down the list of bankrupt state companies scheduled for liquidation, describing in each case the number of workers who had already been made redundant, and the assets that had been sold.

The individuals at the top of the new government have won high praise from western diplomats and observers, for honesty as well as hard work. In the words of one investment fund representative: "We have heard no stories about corruption among these people, none at all. That is something new and tremendously positive here in Romania."

But a banker added: "They are sitting on top of a mass of bureaucrats who are often lazy, ignorant and corrupt, even when they are not actively hostile to change."

As a former trade union leader, Mr Ciorbea understands the harshness of the sacrifices he is asking the Romanian people to accept as a result of economic reform. By his own estimate, average real wages have dropped by some 20 per cent since his government came to power. However, he says, it is not difficult for him to negotiate with former union colleagues, "because I know both the real economic situation and what ordinary workers really want".

Mr Ciorbea does not think therefore that present limited, labour protests will spread. "Romanian citizens understand very clearly the economic situation which we inherited, and that reform is the only solution. The alternative would be to follow some of our neighbours into economic decline. We also have the advantage that, for seven years, people here have been able to see what comes from non-reform or delayed reform."

He says his government will begin far-reaching privatisation this year, and is prepared to sell "99.9 per cent" stakes in Romanian banks and large companies to foreign buyers. "Foreign investment is vital if we are to overcome the crisis, and we are not going to be deterred by shouts that we are selling the country. There has been far too much of that kind of talk over the past seven years."

To limit public suffering, the government – with help from a social protection loan from the World Bank – has increased welfare spending by some 30 per cent, to around 10.4 per cent of gross domestic product. This includes increasing child allowances five times over.

"So we have a very liberal economic programme, but accompanied by a very strong social dimension".

Deep cuts in industrial and agricultural subsidies mean, however, that the government is still apparently on target to meet its pledge to the World Bank and International Monetary Fund to reduce the budget deficit to 4.5 per cent of GDP this year from 8.4 per cent last year, if extra-budgetary subsidies are included.

Romanian PM Victor Ciorbea: 'Our task may be difficult, but our achievements are irreversible' Reuter

The government has won great praise from international financial institutions for its macroeconomic reforms, which have closely followed IMF and World Bank advice. A western diplomat, however, sounded a note of caution.

"They had pretty successful macroeconomic packages under the former regime; it's something the Romanians seem to be good at. The problem was that they didn't last, because they weren't accompanied by structural reform and privatisation. This new government is fantastically committed to real reform, but reform here is fantastically difficult. Ciorbea is a hard worker, but he can't do the work of every official in every ministry."

Use your laptop in flight and land in jail

By Ralph Atkins in Bonn

Passengers using laptop computers or mobile telephones during an air trip could in future face imprisonment or a fine under plans approved by the German cabinet.

The proposed legislation – believed to be the first in the world specifically banning the use of such equipment with the penalty of imprisonment – would tighten existing rules significantly. According to Mr Matthias Wissmann, transport minister, it would improve already high security standards for air travel.

The measures would also cover CD and cassette players and other equipment which could interfere with on-board electrical systems. Offenders could face fines or up to two years in jail.

Industry observers were sceptical whether other countries might follow Germany's example. They pointed to the difficulties in implementing such regulations beyond national boundaries and to the general powers already available to international aircrews to deal with disruptive travellers.

However, the Bonn government's legislative proposals would make clear that German air traffic regulations could also have force outside the national jurisdiction.

The transport ministry said the measures, which have to be approved by parliament, were not prompted by a specific incident but by concern among pilots about the effect of electronic items on, for instance, aircraft navigation systems.

The proposals appeared to take the German air industry by surprise. Lufthansa, the national airline which is being prepared for full privatisation later this year, said it knew of "no major problems" with existing rules.

Lufthansa bans mobile telephones throughout flights but laptops, cassette recorders and electronic games can be used after take-off until before landing. However, the airline said it could not comment on the proposals until the details had been studied.

Deutsche BA, the German subsidiary of British Airways, which also allows the use of laptop computers while the aircraft is in the air, pointed out that the proposals could be altered as they passed through parliament. But the airline said it would abide by any new legislation and that it was always better "to be on the safe side".

Transport ministry officials said that there might be exceptions to the proposed ban, including one that would allow the use of approved portable computers. However, they indicated that, as presently envisaged, most normal laptops would be covered.

The ministry said Germany was "very, very strict" on aircraft safety and regarded itself as having a leading role in improving security.

Rome cabinet at odds over future of Iri

By Robert Graham in Rome

The Italian government is due to decide today whether to continue with the current management team at Iri, the large state holding company. At stake is not simply the management of Iri but its role in the Italian economy as the government seeks to privatise and slim the state sector.

Over the past two weeks sharply differing positions have emerged within the government on whether to extend the mandate of Mr Michele Tedeschi, the head of Iri, and that of the board.

The treasury, which with the industry ministry is Iri's shareholder, is anxious to bring in new blood to act as a sort of liquidator, with a brief to accelerate the sale of the state holding's assets.

Last December, when the treasury forcibly acquired Iri's majority stake in the telecoms group Stet, it was made clear that the holding company's powerful patronage was being clipped. Since then, Mr Carlo Azeglio Ciampi, the treasury minister, has repeated on several occasions his view that Iri's days are numbered.

However, the political parties backing the government, as well as Mr Romano Prodi, the prime minister, are more ambiguous about Iri. The left has no wish to see it disappear and is even proposing a new role for it, promoting economic development in the south of the country. At a time of high unemployment, the left is concerned that liquidating Iri will mean more job losses.

Mr Prodi in particular faces a conflict of interest because he has headed Iri on two separate occasions, running the company for a total of eight years. Mr Tedeschi, who has spent his career inside Iri companies, is well known to him.

The conflict of interest is even greater if the position of Mr Enrico Michele, the head of the cabinet office, is considered. He was recruited by Mr Prodi when the latter became premier in May 1995. He was then managing-director of Iri under Mr Tedeschi – a post from which he is technically on secondment and which has been left vacant.

Officials in the treasury feel the current team has been too dilatory in divestment and has instinctively tried to hang on to assets that range from aviation (Alitalia) and banking (Banca di Roma) to motorways (Autostrade) and the high-technology industrial empire of Finmeccanica.

Iri twice failed to meet the deadline set by the European Union under a 1993 agreement to reduce its indebtedness.

Net debt at the end of 1996 was L9,400bn ($5.5bn) against a target of around L5,000bn agreed with Brussels, and a new deadline expires at the end of the month with Iri still off target since the sale of Autostrade has slipped.

The treasury has proposed replacing Mr Tedeschi with Mr Paolo Baratta, an economist, banker and a minister in previous governments. But his appointment has run into opposition from the prime minister's office.

One possible compromise is for Mr Tedeschi to be retained but on a shorter mandate, with much reduced authority. This would probably mean appointing a new managing director. Mr Piero Gnudi, an Iri board member from Mr Prodi's Bologna home base, has been suggested in this context.

Retaining Mr Tedeschi, appointed under the right-wing government of Mr Silvio Berlusconi in 1994, would also head off criticism from the opposition that the government is stacking the public sector with its own appointees.

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Increase in capital stock by means of bonus share issue, from Lire 87,276,862,500 to Lire 90,767,937,000

The increase in capital stock by means of a bonus share issue, from Lire 87,276,862,500 to Lire 90,767,937,000, authorized by the stockholders in Extraordinary Meeting on April 29, 1997, has been approved by the relevant authorities and recorded at the Treviso Register of Companies by entry dated June 4, 1997.

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Australia to sell off more airports

Privatisation programme may net government more than A$6bn

By Nikki Tait in Sydney

Australia's federal government is to privatise 15 more airports later this year, ranging from the fairly large facilities at Canberra and Adelaide to a handful of smaller "general aviation airports".

However, the second tranche of sales will still exclude the main Sydney airport, the country's largest. This was withheld from the first group of privatisations, completed earlier this year, because of the highly contentious issue of noise which is associated with the facility at present, and the vexed question of where to build a second airport to cope with the city's ever-increasing air traffic.

Yesterday Mr John Fahey, federal finance minister, said the three "Sydney basin" airports – the smaller facilities at Hoxton Park, Bankstown and Camden – would also be excluded from the second privatisation round "pending consideration of issues associated with the second Sydney airport".

For sale this time are 10 "regular public transport" airports at Adelaide, Alice Springs, Canberra, Coolangatta, Darwin, Hobart, Launceston, Townsville, Mount Isa and Tennant Creek, plus five general aviation airports.

The government is likely to seek "expressions of interest" in September or October this year, and plans to complete all 15 deals by the end of June next year.

The latest privatisation round comes as part of a federal government plan to dispose of all 22 facilities previously managed by the Federal Airports Corporation. The first sales – of the Melbourne, Brisbane and Perth airports – earlier this year raised A$3.34bn (US$2.5bn).

This was much more than had been expected, leading some analysts to conclude that the whole privatisation exercise could generate more than A$6bn.

Three consortia were successful in the first round. These were made up of Australian institutional investors and overseas companies: Britain's BAA, Schiphol of the Netherlands, and Airport Group International of the US.

Several consortia indicated that they might be interested other airports as they came up for sale. There has been speculation, for example, that ownership of Coolangatta, which services Queensland's Gold Coast, could sit neatly alongside Brisbane. However, there is also likely to be interest from local and regional groups.

Kesri triumphs in vote to lead Congress party

Khozem Merchant on the choice of an Indian backroom party fixer with no popular support

Mr Sitaram Kesri was declared president of India's Congress party yesterday after a leadership contest marred by accusations of vote-rigging. He defeated Mr Rajesh Pilot, a former Congress minister, and Mr Sharad Pawar, ex-chief minister of Maharashtra, who both cried foul.

Mr Kesri's landslide victory, eight months after he succeeded the disgraced former prime minister, Mr P.V. Narasimha Rao, as party leader, significantly strengthens his hand within Congress. It may also encourage him to try to derail the 15-party United Front (UF) government led by Mr I.K. Gujral.

Congress at present supports the UF in parliament, but Mr Kesri's withdrawal of Congress support brought down the previous administration in April.

His immediate task is to revive the fortunes of a once-great party which was humiliated in general elections last year after governing India for all but five years since independence 50 years ago. Throughout that time it has been dominated by the Gandhi family, but the heir to that legacy, Mrs Sonia Gandhi, widow of Rajiv, has refused overtures to lead the party.

However, Mr Kesri's victory may make Congress even less electable. A septuagenarian backroom party fixer, he has no popular support and is described by one Congress insider as "strong on organisation but hardly a vote-catcher".

His success has dismayed many who hoped Congress would skip a generation and select a fresh youthful leader. That would have positioned the party well for the next election. "Kesri is the denouement, of a decade of decline for Congress," said one analyst. "This was a chance to reverse a trend but his election shows the total lack of internal democracy within the party."

However, his grip on Congress cadres is tight, testament to a lifetime spent in the backroom, most recently as party treasurer.

The leadership contest was held at the behest of the government's senior election official, who said he would not recognise parties if they were not internally democratic.

Mr Kesri must now try to reclaim Congress's bedrock support among upper-caste Brahmins, the rural poor and Moslems. These voters have deserted Congress over the past decade in favour of new regional and rural political formations – some formed as a result of splits within Congress.

These include the Hindu revivalist BJP, the secular left Janata Dal – the biggest element in the UF coalition – and a string of regional parties representing state and caste interests.

Septuagenarian in a hurry: Sitaram Kesri talks to journalists in New Delhi AP

Congress's continuing claim to be the natural – and the only national – governing party of India is dismissed by some observers, who say Mr Kesri must in any case equip his party with an intellectual bank, producing ideas and policies.

Remarkably, none of the three leadership candidates spoke of policy in their campaign. Congress, besides its secular tradition, is widely regarded as bankrupt of campaigning issues.

The consensus appears to be that Mr Kesri is the leader that an ailing Congress deserves. Paradoxically, power, and office, may yet pass to him – an old man in a hurry with a predilection for opportunism.

Editorial comment and Observer, Page 15

Bangladesh imposes taxes on small industries

By Kasra Naji in Dhaka

The Bangladeshi finance minister, Mr Shah Kibria, has announced new taxes on small industries and has increased import taxes on many goods. The move is part of an effort to curb the government's increasing reliance on borrowing from the ailing banking sector.

The taxes were announced as part of the proposed $6.4bn budget for the fiscal year 1997-98 starting in July. Manufacturers of soaps, batteries, cables, bulbs and motor vehicle chassis are among the small industries which will now be liable to value added tax of 15 per cent.

Import taxes on many items have been increased by at least 2.5 per cent while import tax on cars and motor-rickshaws has been put up by 25 per cent in the interest of cleaner air.

Mr Kibria also announced the government's commitment to step up the privatisation of state-owned enterprises, whose losses are a huge burden on the government. He said 61 enterprises had been identified for privatisation.

The budget fails to tackle many of the reforms expected by the IMF and the World Bank. There is no mention of removing government subsidies on prices of petroleum products, gas, and fertilisers.

The budget also contains little that could encourage foreign investment. Corporate tax for banks, insurance companies, financial institutions, and non-resident companies is cut from 45 per cent to 40 per cent. And non-resident Bangladeshis will now be able to buy up to 10 per cent of initial offers in the share market as opposed to 5 per cent previously.

"It's a conservative budget designed largely as a holding operation to prevent the macroeconomic situation from deteriorating," said Mr Hosain Zillur Rahman, an economist at Bangladesh Institute for Development Studies. He noted depleting foreign exchange reserves and the government's increasing reliance on internal borrowing and external aid.

The country's foreign exchange reserves have fallen to $1.6bn which is enough for only two and a half months of imports. This may affect the banking sector's ability to extend credit to industry.

ASIA-PACIFIC NEWS DIGEST

Australian bank lending worries

Lending practices of Australian banks risk "sowing the seeds of future credit quality problems", the Reserve Bank of Australia (RBA), the country's central monetary authority, warned yesterday.

Mr Graeme Thompson, deputy governor with responsibility for prudential regulation, said there was "little doubt that current lending standards are less stringent than they were a couple of years ago".

Mr Thompson attributed the trend partly to intense competition for larger corporate customers, but added that the bank had also seen more cases where requirements for personal guarantees had been relaxed at the "smaller" end of the market.

"It's also possible that some of the regional banks might, in their eagerness to diversify loan portfolios, be lending to clients that the major banks are turning away," he said.

He warned that "chief executives and board should be considering carefully whether the additional point of market share that might be won now by lending to marginal propositions was worth the pain of future losses". *Nikki Tait, Sydney*

Unemployment increases

Australia's unemployment rate nudged higher to 8.8 per cent in May on a seasonally adjusted basis, compared with 8.7 per cent in the previous month. During the month, the total number of jobs available fell by 40,300. Most analysts had been predicting static or slightly improved numbers.

The data prompted speculation that the Reserve Bank would move to ease interest rates for the fifth time in the current cycle. "The startling loss of 40,300 jobs in May is indisputable evidence that the first-quarter spurt in growth faded into the second quarter... It also substantially increases the likelihood of a fifth rate cut agreed as early as the July meeting of the Reserve Bank board," said HSBC Markets. *Nikki Tait*

HK-China police liaison

Hong Kong's police said yesterday they had liaised with Chinese security forces concerning handover ceremonies at the end of the month, but that they would be responsible for the protection of mainland leaders. The statement came amid a growing row over Beijing's demand that its garrison be allowed to take up position before the midnight handover. The demand, which seems linked to the arrival of President Jiang Zemin and Mr Li Peng, the prime minister, has been rejected by Britain.

Beijing argues its troops must be in position for defensive duties from "zero hour". Mr Zhang Jun-sheng, deputy director of Xinhua's Hong Kong branch, Beijing's de facto embassy in the territory, said the Chinese demand was supported in the Sino-British Joint Declaration on the transfer of sovereignty.

● Mr Tung Chee-hwa, Hong Kong's post-colonial leader, has approved the appointment of three existing appeal court judges to the Court of Final Appeal, which will replace the UK's Privy Council as the court of last resort after the handover. *John Ridding, Hong Kong*

Trader had 'secret account'

Former Sumitomo copper trader, Mr Yasuo Hamanaka, had a secret bank account in Switzerland holding nearly SFr1m ($693,000), according to reports yesterday in the Japanese press. Switzerland's judicial authorities had already informed their Japanese counterparts about the secret account at a Zurich bank, which was discovered after a search by the bank, the Mainichi Shimbun newspaper said.

Until he was fired a year ago, Mr Hamanaka was the most influential trader in the world copper market. He has pleaded guilty to charges of fraud and forgery in connection with unauthorised trades that Sumitomo blames for a $2.6bn copper market loss. He faces a maximum 15 years in prison. *Reuter, Tokyo*

Payment of dividends

In accordance with the resolution of the General Meeting of June 11, 1997, the dividend for the 1996 business year is

per share before tax	gross SFr. 7.20
less Swiss withholding tax, at 35%	SFr. 2.52
	net SFr. 4.68

Payments will be made free of charge as of June 17, 1997 either by remittance to the bank indicated for deposit of dividends, or to the account stipulated for those shareholders with shares in private safekeeping or upon presentation of the dividend payment order at all Swiss branches of the following banks:

Swiss Bank Corporation
Credit Suisse First Boston
Rüd, Blass & Co. Ltd. Bankers
Bank Leu Ltd.
Union Bank of Switzerland
Cantonal Bank of Zurich

and at the company cashier's office, Alfred Escher-Strasse 50, 8002 Zurich.

Shareholders who have designated the bank where they have deposited their shares as their address for payment of dividends will receive the normal dividend credit note from this bank. Persons with registered shares in private safekeeping who have indicated a postal or banking account will also receive a dividend credit note. Those persons who have not stipulated an account will receive their dividend payment order by mail.

Zurich, June 11, 1997

Zurich Insurance Company
The Board of Directors

ZURICH

Japan agonises over Hong Kong boycott

By William Dawkins in Tokyo

The Japanese government was yesterday wrestling with the dilemma of whether to follow the US and Britain in boycotting the swearing-in of Hong Kong's new government.

Members of all three governments will be attending the territory's hand-over to China at midnight on June 30. However, Mr Tony Blair, the UK prime minister, and Ms Madeleine Albright, the US secretary of state, are to stay away from the subsequent Chinese ceremony inaugurating the provisional legislature which will replace the democratically elected legislative council.

Britain has consistently refused to attend the swearing-in of the new body, established last December, because its 60 members were chosen by a non-elected body in Beijing.

"Japan hopes some resolution can be found," said Mr Hiroshi Hashimoto, Japanese foreign ministry spokesman, when asked whether Mr Yukihiko Ikeda, the foreign minister, would attend the swearing-in ceremony. Government officials said the sensitive decision was being considered in a "neutral" manner.

The dilemma is especially acute for Tokyo because Japanese foreign policy tends to take its cue from Washington. An example is their agreement in principle last weekend to step up their security alliance, much criticised by China.

But China has assumed increasing weight in Japanese priorities in recent years, a mark of the country's economic growth, as well as Japanese concern over how to respond to China's growing prominence as a regional power.

The first sign of an independent Japanese policy on China emerged in 1990, when Japan ignored a US aid embargo to become the first developed country to recommence official assistance to China. Aid had been suspended a year earlier in protest against the military crackdown on pro-democracy activists in Tiananmen square.

Japan suspended grant aid to China again two years ago, this time in protest against nuclear tests. It lifted that ban this March.

Hong Kong's Democratic party yesterday failed in its legal challenge against the Beijing-backed provisional legislature, writes Louise Lucas. The Democrats had argued the provisional body had no basis in the Joint Declaration and Basic Law, accords covering the handover and post-colonial future. But the High Court yesterday ruled there was no basis for a case. The party said it might appeal against the decision.

Taiwan refuses to cancel military exercises

By Laura Tyson in Taipei and Tony Walker in Beijing

Taiwan yesterday rebuffed a US appeal to cancel planned military exercises to be held on the eve of of Hong Kong's transfer to Chinese sovereignty. The defence ministry said it had no intention of calling off the "routine" live-fire exercises scheduled for June 23-24 in spite of a US warning on the sensitivity of the timing.

China yesterday urged Taiwan to avoid tensions on the eve of Hong Kong's return to Chinese control. Beijing's call for restraint came amid reports that both sides were planning military exercises this month in the Taiwan strait, but China has not confirmed the reports.

"We hope the Taiwan authorities will take more actions that are conducive to improving relations between the two sides," said Mr Cui Tiankai, foreign ministry spokesman.

Taiwan has repeatedly said its planned exercises were unrelated to the Hong Kong handover, but the Taiwan military spokesman confirmed the large-scale war games were intended to boost public confidence.

Mr Nicholas Burns of the US state department said: "It's best to stand down in times like this and to continue activities that promote goodwill and understanding and peace and not to engage in activities that are counter-productive."

Western military attaches in Beijing said increased "cross-strait rhetoric" before the Hong Kong handover reflected heightened sensitivity about the Taiwan issue. Chinese leaders have said the Hong Kong transfer under the "one country, two systems" formula will provide something of a model for Taiwan's reunification with the mainland. Beijing regards Taiwan as a renegade province and has not ruled out force to secure its return.

Seoul discounts North threat

By John Burton in Seoul

South Korea's unification minister yesterday played down fears that North Korea might be preparing a sudden attack in a desperate response to its threatened famine.

"There is not any special development in North Korea that is related to aggression, but morale training and military preparations are still continuing," Mr Kwon O-kie told a government national security meeting.

He said that North Korea was adding long-range artillery along the heavily-fortified demilitarised zone with South Korea, while it was expanding its submarine and landing craft forces and developing long-range missiles.

Some military analysts and diplomats have recently warned that dire food shortages might compel North Korea to launch an attack in a last-ditch effort to seize South Korea before Pyongyang's war capabilities are severely weakened. Predictions that the famine might result in a mass exodus of refugees are unlikely "unless the North Korean system collapses," said Mr Kwon.

Mr Kwon claimed that the threatened famine is likely to be averted since international donors have promised 800,000 tonnes of food, which should be sufficient to feed North Koreans until the next harvest in August. The UN has disputed this assessment, saying that North Korea needs at least 1.3m tonnes of grain.

Seoul is also claiming that the North Korean army is withholding food supplies from the civilian population, while it is receiving regular amounts of rations in addition to its "substantial" food reserves.

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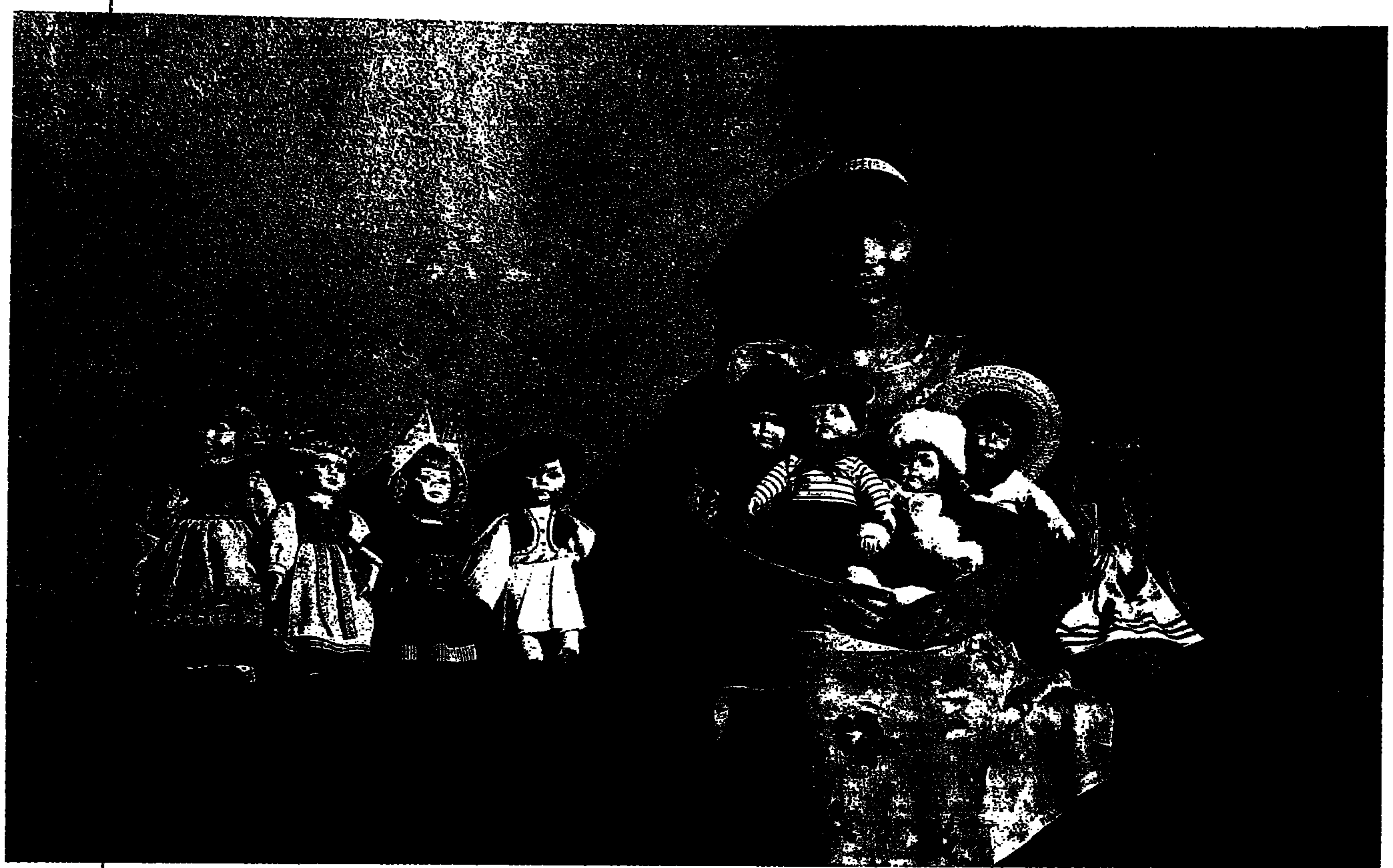

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Take jobseekers, S Africa told

By Mark Ashurst in Johannesburg

The South African government has been urged to abolish existing immigration controls and open its borders to all jobseekers from Southern African states.

The proposal, from the Centre for Development and Enterprise (CDE), a Johannesburg-based think-tank funded by South Africa's biggest private companies, is intended to stimulate the economy and curb the flow of illegal immigrants.

Its recommendations contradict government proposals for new immigration legislation released by Mr Mangosuthu Buthelezi, home affairs minister, in a green paper last month.

The paper says free movement of people within the Southern African region is "neither politically nor economically viable for South Africa, so long as gross regional economic disparities persist".

However, the CDE urged the government to accept "the relationship between opening our borders to trade, industry, culture, communications and capital, and the movement of people which must inevitably follow".

Its proposals recognised the government had failed to enforce border controls, and "must not further jeopardise a brittle respect for authority by setting goals (for immigration policy) which cannot be achieved".

The CDE document advocates a two-tier immigration law combining an open door policy for skilled workers, with a system of temporary work permits for all jobseekers.

Skilled immigrants would qualify for citizenship after five years. Unskilled migrants would be admitted only from Southern Africa, and would be required to secure tax-paying work and a permanent abode within six months, or be barred from entering South Africa for one year.

The recommendations in the green paper fall short of an open door policy, but recommend creation of a "labour market-based point system". This would enable immigration authorities to assess immigrants' potential contribution to the economy, and "pro-actively recruit immigrants with skills, expertise and resources".

Publication of the documents coincides with press reports claiming 75 per cent of the 400 illegal immigrants deported daily from South Africa return within 24 hours. While no reliable data exists, official estimates of the total number of illegal immigrants in the country range from 2m to 4.1m.

Under existing statutes, immigrants to South Africa must comply with either the Aliens Control Act, obliging them to obtain residence permits before arriving in South Africa, or bilateral treaties allowing migration from the neighbouring states of Botswana, Lesotho, Swaziland and Mozambique.

The extent to which these laws have been flouted was partly exposed last year, when the government offered a general amnesty for illegal immigrants. More than 50,000 applications were received from mineworkers and a further 200,000 from migrants from the southern African region.

Immigrants from Mozambique constituted 69 per cent of the 103,000 applications approved to date; a further 16 per cent were from Zimbabwe.

The CDE said its proposals would help redress the exodus of skilled labour from South Africa by encouraging new immigrants to alleviate the national skills shortage.

It recommended extending the definition of a skilled migrant to anyone capable of stimulating economic activity, including "entrepreneurs of all kinds who have demonstrated skills in creation and management of either formal or informal enterprises".

Egypt lifts Middle East peace hopes

By Judy Dempsey in Jerusalem and Mark Huband in Cairo

The Egyptian president's political adviser, Mr Osama el-Baz, held talks with Israeli and Palestinian leaders yesterday, amid cautious optimism that the two sides were moving back towards the negotiating table.

Mr Benjamin Netanyahu, the Israeli prime minister, said he appreciated the Egyptian intermediary's efforts. His remark reflected Israel's gradual recognition of Egypt's central role in trying to break the Middle East deadlock.

Israeli-Palestinian negotiations have been suspended since March, when Israel started building the controversial new Har Homa Jewish settlement in Arab east Jerusalem.

"Egypt's role is now very important," said Mr Moshe Ma'oz, professor of Islamic and Middle Eastern Studies at the Hebrew University.

"Egypt is trusted by the Palestinians. And Israel knows that the US supports what Egypt is trying to do. The question is: Can Egypt find a compromise or formula that will allow both sides to save face?"

Egypt has brokered the implementation of the Oslo peace framework agreed by the Palestinians with the former Labour-led government in Israel, including the Oslo I agreement sealed in Cairo in 1994 and the Oslo II accord on Palestinian interim autonomy, negotiated at Taba in 1995. In its current attempt to end the impasse, Egypt accepts that neither Israel nor the Palestinians can back down on Har Homa because it affects the future status of Arab Jerusalem. However, Egypt believes that Israel can be more flexible on the question of future settlements, and that some form of *de facto* freeze on Har Homa is essential.

"If Netanyahu becomes reasonable, he will alienate his extreme right," one Arab official said. "Har Homa is a symbol or a test of the overall direction. Even if the Israelis freeze construction there, it will be extremely difficult to convince any Palestinians that the Israeli government is acting in good faith."

Israeli officials believe a formula to restart negotiations can be reached.

"Everybody knows Netanyahu will not stop building at Har Homa," an official said. "But he could slow it down and start building Arab housing in east Jerusalem," he said.

Israel's change of heart towards Egypt stems from US inability to break the deadlock as much as Egypt's desire to assume a more prominent role in the region.

The US has been on the sidelines for weeks, refusing to exert pressure on Mr Netanyahu's government over settlements.

Consequently, Washington is not accepted as an "honest broker" by the Palestinians. This is especially so since the recent decision by Congress to declare Jerusalem the undivided capital of Israel and to make available $100m to move the US embassy from Tel Aviv to the city, even though the status of Jerusalem is supposed to be left until "final status" talks between Israel and the Palestinians.

Israeli officials said Egypt was key to maintaining peace in the region and Israel could not afford to have a hostile neighbour. Yet a senior Israeli official was not certain whether Mr Netanyahu would be prepared to give Egypt's President Hosni Mubarak concessions as a price for finding a way to restart negotiations with the Palestinians.

Date set for West Sahara talks

By Roula Khalaf

Morocco and the Polisario Front are to hold direct talks in Lisbon on June 23 to seek ways to implement a stalled United Nations referendum on the future of the disputed Western Sahara, Mr James Baker, UN special envoy on the Western Sahara, said in London yesterday.

After two days' talks with the parties, the former US secretary of state said he had reached the conclusion that the referendum plan could not be implemented without direct talks, which will be held under his auspices.

Algeria, which backs the Polisario, and Mauritania, which has a long border with the Western Sahara, will be observers.

Mr Baker said progress had already been made, with each side offering gestures of good faith.

Morocco has resisted direct talks with the Polisario because it rejects any attempt to put in doubt its sovereignty over the former Spanish colony.

It has also agreed to defer identification of 50,000-60,000 people as potential voters in the referendum, but whose qualification is subject to challenge.

These names are part of the central dispute between Morocco and the Polisario, which claims independence for the territory. Morocco has insisted on identifying an extra 100,000 names on the grounds that thousands of people not living in the Western Sahara were pushed out by Spain.

The Polisario has agreed to resume immediately the identification process, which the UN stopped last May. It will also allow the UN High Commission for Refugees to enter Polisario camps in Algeria, where about 150,000 Sahrawis have lived for 20 years.

Mr Baker made clear yesterday that the talks in Lisbon will not be in search of a complete solution to the seemingly intractable conflict. They will aim to put the referendum, agreed to in 1991 but postponed several times, back on track.

Unless the parties can now agree a firm commitment to implement the referendum, the UN will give up its mission in the Western Sahara, at the risk of seeing the Polisario break the 1991 ceasefire and resume armed conflict against Morocco.

Mr Baker had taken on the assignment believing a compromise based on limited autonomy for the Sahrawis would be the likely result of mediation. This is because both Morocco and the Polisario seemed unwilling to accept a referendum outcome that did not correspond to their aspirations.

However, neither the Polisario nor Morocco has shown any willingness to discuss limited autonomy or a final compromise. Instead, they have both insisted that the referendum plan is the only solution to the conflict.

If both now appear willing to make some compromise to get the referendum back on the table, it is because they know Mr Baker would walk away from the mission and they would be held responsible for this.

Italy will meet Emu terms, says OECD

By Wolfgang Münchau, Economics Correspondent

OCDE OECD

Italy could end this year with same ratio of budget deficit to gross domestic product as France and Germany, according to the latest economic outlook by the Organisation for Economic Co-Operation and Development, the Paris-based think-tank.

The OECD said Germany, France and Italy were heading for a deficit of 3.2 per cent of gross domestic product this year – outside the 3 per cent limit for joining the single European currency.

The OECD's projection for Italy is nearly identical to a recent European Commission forecast. But the OECD is more pessimistic about Germany and France than the Commission, whose forecast suggested that both countries would fall within the 3 per cent ceiling set by the European Union's Maastricht treaty.

The OECD forecast will add considerably to the difficulties by any group of countries hoping to exclude Italy from the first stage of Emu, scheduled to go ahead on January 1, 1999.

On the basis of the OECD data, Italy could only be excluded on the grounds of its projected 1998 performance, when its deficit is expected to widen from 3.2 per cent to 3.8 per cent. The OECD said Italy's 1997 performance was boosted by series of one-off measures.

The German deficit-to-GDP ratio is forecast to drop to 2.7 per cent in 1998, while France is heading for 3 per cent in the same year.

The OECD warns that its projections for all the largest European economies could be at risk because of financial market turbulence that may arise as a result of the move to Emu.

In Germany, "expectations about the ability of countries to meet the Maastricht criteria by the end of the year could have unpredictable confidence and financial market effects," the OECD said. In France, "tensions in financial markets in the run-up to the introduction of the single currency could dampen growth," it said.

Even without financial market turbulence, economic growth in the major European economies is projected to be disappointing.

The OECD is forecasting a recovery in Germany, but unemployment would remain at 11 per cent this year, dropping only marginally in 1998.

Economic growth is projected at 2.25 per cent in 1997, rising to 2.75 per cent in 1998.

"Growth is heavily dependent on exports so that any weakening in foreign markets could have an important negative impact," it warned.

The OECD projects identical growth rates for France in 1997 and 1998. French unemployment is forecast to fall modestly from a rate of 12.7 per cent in the first half of this year to 12.1 per cent at the end of 1998.

The Italian economy is set for an even slower recovery with growth projected at 1 per cent this year, rising to 2 per cent in 1998.

The outlook said its projections for the Italian economy were subject to risks on either side.

"Full implementation of announced budget plans could have more favourable effects on financial markets than assumed," it said, resulting in lower interest rates and debt servicing charges.

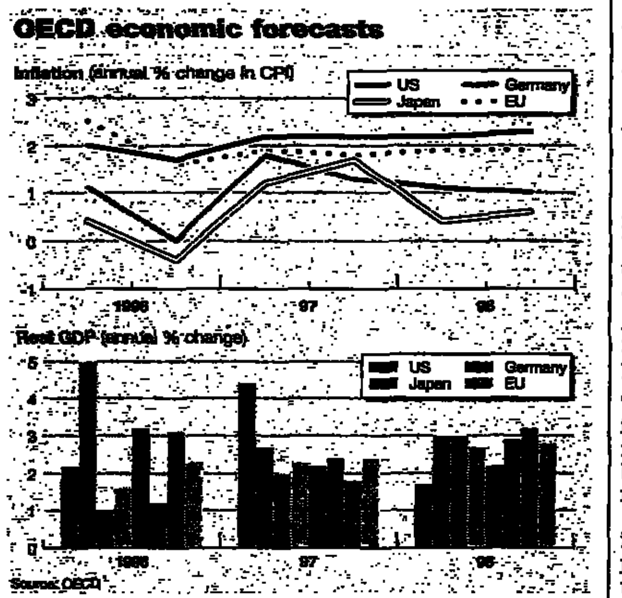
But "slippage in the implementation of the 1997 budget would make it difficult to maintain confidence in the lira, preventing further interest rate convergence."

Another important growth indicator is the output gap, which measures the difference between actual and sustainable growth rates.

Despite the pick-up in growth, the projected 1998 output gap remains large for the three large European continental economies: -0.8 per cent in Germany, -1.6 per cent in France, and -2.3 per cent in Italy.

International implications of the euro, Page 23

OECD economic forecasts



'Worst-ever year' for repression of unionists

By Robert Taylor, Employment Editor

Trade unions are being repressed across the world in more countries than ever before, according to the International Confederation of Free Trade Unions. It claims trade union repression occurred in 108 countries during 1996, the largest number it has ever recorded.

The Brussels-based body represents 124m workers in 195 affiliate trade union bodies. "Poverty and inequality have increased in the developing countries, which globalisation has drawn into a downward spiral of ever lower labour standards to attract investment and meet the demands of enterprises seeking a fast profit," Mr Bill Jordan, the confederation's general secretary, writes in his introduction to the ICFTU's annual report on workers' rights, which is published today.

He claims trade unionists are being attacked by governments which have "chosen to bow to pressure from the financial markets rather than from their own electorates".

One of the root causes of anti-union repression, he says, is "the combination of governments seeking to shed their powers of economic intervention and employers and the business world striving to increase theirs".

The reportsays at least 264 trade unionists were murdered in 1996, with most of the killings taking place in Latin America – 98 workers were murdered in Colombia, 24 in Brazil and nine in Bolivia – as well as Algeria, Lesotho and Nigeria.

The report also estimates that a further 1,761 people were injured in the course of their trade union activities.

As many as 4,264 trade unionists were arrested last year for carrying on activities recognised by core labour standards codified by the International Labour Organisation, the report claims. It also counts an estimated 7,626 cases of harassment and intimidation against trade union members. A further 153,494 workers were dismissed for being trade union members.

It says that China has "one of the worst records of trade union repression, with hundreds of trade unionists and their families being ill-treated or imprisoned in labour camps for minor crimes like printing tee-shirts with slogans advocating free trade unions".

The report also highlights attacks on trade union activity in former Soviet bloc countries, particularly in Belarus, where a presidential decree has suspended all independent trade union activity.

Copies of the report are available from the ICFTU, 155 Boulevard Emile Jacqmain, 1210 Brussels, Belgium.

Morocco goes to polls today

By Roula Khalaf in London

Morocco's 13m eligible voters will elect 25,000 local council members today, in a poll meant to mark an important step in the nation's move to a more open political system.

The poll is the first in a series culminating in a legislative ballot in September. Today's elections are being watched as a test of the government's commitment to electoral transparency.

Mr Driss Basri, the interior minister, and opposition parties signed a "gentleman's agreement" earlier this year in which the government promised fair elections while the opposition agreed not to contest the results if they were not seriously manipulated.

Both local councils and legislature are dominated by pro-government parties. Parties in the opposition bloc known as the Koutla, including the nationalist Istiqlal and the left-leaning Union Socialiste des Forces Populaires (USFP), are fielding candidates separately in the local elections.

Observers believe the move will make it more difficult for them to secure a victory. Political affiliation has less relevance in local polls, as Moroccans tend to vote for local individuals with influence. Local councils emerging from today's ballot will elect representatives to make up 60 per cent of Morocco's new upper house, created in a constitutional referendum last September.

The rest of the members will be indirectly elected from unions and chambers of commerce. The upper house can dismiss the government through a no-confidence vote. Amendments to the constitution, by creating a second chamber, reduced powers of the lower house, but the opposition supported the change because it allowed all lower house members to be directly elected.

UN post for Irish president

By Michael Littlejohns, UN Correspondent in New York

Mrs Mary Robinson, the president of Ireland, will be the new United Nations High Commissioner for Human Rights, subject to approval by the General Assembly, it was announced in New York last night.

Mr Kofi Annan, the secretary general, who made the nomination, said she would bring "dynamism, credibility and leadership" to the post. The first and only high commissioner, Mr Jose Ayalo Lasso, who resigned to become foreign minister of Ecuador, was widely criticised for a somewhat lackadaisical approach to the job.

By contrast Mrs Robinson, 53, has long been an activist with special expertise in constitutional and European human rights law. As a barrister she pleaded landmark cases before the European Commission and Courts of Human Rights and the European Court of Justice.

Although her term as president of Ireland would not end until December 31, officials said that arrangements were in hand for Mrs Robinson to take up her UN duties no later than September.

Mr Annan said she understood the urgency of assuming her new duties and he expected she would come to New York in time for the opening of the General Assembly in September which would consider the nomination. The secretary general said the appointment was "one of the most important" that he would ever make during his term of office.

Mrs Robinson had been the leading candidate for the post, vacant since March, but faced Third World objections because she is a European. Her closest competitor, Ms Sonia Picado of Costa Rica, was rejected late last month. Mr Annan said he would shortly appoint a deputy, who would come from a developing country.

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US airlines diverge on Asian open skies strategy

By Nancy Dunne in Washington

US airlines were yesterday openly divided over how to handle talks on liberalising air travel in Asia.

The split between United Airlines and Northwest, the two largest US carriers flying to Japan, emerged as the Clinton administration announced that it was reconsidering its strategy in open skies talks with Japan.

The two airlines had been joint proponents of a tough US stand in seeking an open skies agreement. However, at a House transportation subcommittee hearing yesterday they urged radically different courses in the deadlocked talks with Japan.

United said it was time for the US to adopt more modest objectives. It argued for a "result-oriented" strategy, pursuing an interim agreement which would allow code-sharing and global alliances with foreign carriers in the Asia-Pacific, similar to those established in Europe. US carriers would get new routes, more flights to and beyond Japan and the promise of liberalisation later on, United said.

Mr Gerald Greenwald, chairman of United, said the transitional deal could provide "substantial opportunities" for both US and Japanese carriers, as they enter alliances. Any carrier, US or Japanese, would have the ability to benefit from hub networks at both ends of feeder routes.

"Even in an open skies environment, it is plain that US carriers could now never duplicate with their own aircraft the strengths of the Japanese carriers' network," he said. "Moreover, while US carriers' domestic hubs are relatively mature, Japanese hubs are rapidly expanding to serve Asia."

He warned that the stalemate in negotiations with Japan means that Japan's carriers would continue to expand their local network far faster than US carriers could expand.

But Mr John Dasburg, chief executive of Northwest, said it was unnecessary for the US "to settle for anything less than open skies". Japan would soon be forced to the negotiating table because Japanese airlines were losing money in international markets.

The United strategy would leave Japan and its airlines "the undisputed gatekeepers to the Asia-Pacific air service market," he said. "It would be a trade mistake of colossal proportions if we were to let our carriers be relegated to the future role of transpacific feeder service for the Japanese carriers serving the rest of Asia."

Mr Patrick Murphy, a transportation department official, said Washington had proposed to Tokyo "phasing in a market-oriented regime" over three years.

Mr Robert Crandall, chairman of American Airlines, backed the United line. "Those who call for holding out unconditionally for open skies with Japan are, in fact, urging a continuation of the status quo," he said.

Robert Crandall: backing for United

EU-US aircraft agreement 'iniquitous'

By Michael Skapinker in Paris

British and German aerospace executives yesterday described as "iniquitous" the 1992 agreement between the US and the European Union which limits government support for aircraft manufacturing, and called for its renegotiation.

Mr Mike Turner, a managing director of British Aerospace, and Mr Wolfgang Piller, a director of Daimler-Benz Aerospace (Dasa) of Germany, told the FT aerospace conference in Paris that governments should be allowed to invest as much in new aircraft programmes as they wished. The 1992 treaty permits governments to provide up to a third of development costs of new aircraft.

Mr Turner said the US was providing more financial support to American aerospace companies than all European governments combined. The executives said the support was channelled to US companies through the Department of Defence and Nasa, the space agency.

While European governments provided Airbus Industrie with repayable loans, US government research expenditure was not repaid, they added.

Mr Piller said a change in the treaty was urgent because of Boeing's proposed takeover of McDonnell Douglas, which has large defence interests. Mr Piller said the merger would make it easier for Boeing to gain access to US defence funding.

"The proposed company changes the nature of the competition by combining civil and military products under one roof," Mr Piller said. "To put this into perspective: 50 per cent of Boeing's projected turnover will come from government markets," equal to the whole German defence budget.

Mr Karel Van Miert, EU competition commissioner, has told Boeing he fears US government defence spending will be used to develop civil aircraft. But Boeing has said defence spending is carefully monitored by the US government to ensure it is not used for civil aircraft programmes.

Mr Turner said European companies needed to create a single civil aerospace, defence, space and missiles group to deal with US competitors on equal terms. This should be achieved through an eventual merger of BAe, Dasa and Aerospatiale of France, itself in merger negotiations with Dassault Aviation, also of France.

The merged group would form the basis for a larger entity, including Spanish, Italian and Swedish companies.

Mr John Weston, another BAe managing director, said national aerospace companies should eventually disappear, to be replaced by the large European group, which should be publicly listed.

Individual European countries would retain aerospace manufacturing and research facilities and governments should retain golden shares in the new entity, to be used only when national security was threatened.

BAe sees transformation of Airbus into a limited company as a first step to forming this group. But differences remain among the companies which own Airbus – BAe, Dasa, Aerospatiale and Casa of Spain. BAe and Dasa want Airbus to take control of civil aircraft manufacturing; Mr Jean-Louis Fache, Aerospatiale vice-president, said manufacturing facilities should remain with the partners.

WORLD TRADE NEWS DIGEST

WTO to probe Indonesian car

The World Trade Organisation yesterday established a dispute panel to examine complaints by Japan and the European Union against Indonesia's "national car" programme. The programme grants tax and customs duty privileges to cars produced by a joint venture between an Indonesian company controlled by President Suharto's youngest son and Kia Motors of South Korea.

Once the three neutral panel members are named the panel will have six to nine months to produce its report, but Japan said yesterday it still hoped to continue talks on a settlement. Japan and the EU claim that Indonesia is violating WTO rules, including those relating to non-discrimination, investment measures and subsidies. Foreign car manufacturers say the tax breaks for the "Timor" national car have made their locally produced or imported cars uncompetitive and reduced the value of their investments there. *Frances Williams, Geneva*

Boeing considers 460-seater

Boeing of the US is talking to airlines about building an extended 460-seat version of its 747-400 aircraft. The discussions follow Boeing's decision earlier this year to shelve plans to build a 550-seat "super jumbo".

Mr Bruce Dennis, Boeing's marketing vice president, told the FT aerospace conference in Paris yesterday that while Boeing had decided the market for a 550-seater was too small, it was still considering building a new generation of larger aircraft.

British Airways, one of the few airlines to have expressed an interest in the 550-seater, has said it still hoped Boeing would produce an aircraft larger than the 400-seat 747-400. BA is also talking to Airbus Industrie, the European consortium, which is pressing ahead with plans to build its own 550-seater. *Michael Skapinker, Paris*

EU plans pact with Mexico

Mexico and the European Commission yesterday reached a preliminary agreement paving the way for talks early next year on a free trade pact. EU trade with Mexico was less than 1 per cent of its total in 1995, and has dwindled since Canada, the US and Mexico signed the North American free trade agreement. Mexican exports to Europe have been hurt by tariffs and other barriers which have been waived or eased for some of its competitors. Yesterday's accord requires approval from the European Parliament, which has insisted on guarantees from Mexico on human rights, a key obstacle in earlier talks. *Sander Thoenes, Brussels*

Seagate to invest in Irish disc drive plant

By John Murray Brown in Dublin

Seagate Technology, the US data technology company, is to invest I£148m ($220.8m) in a factory in County Cork in the Irish Republic to make computer disc drives, creating 1,000 jobs within the next three years.

The company already has an assembly plant in Clonmel, Ireland, and last week announced a £149m expansion of its wafer fabrication factory in Londonderry, Northern Ireland, where it makes advanced read-write heads for computer disc and tape drives.

It also has a factory in Limavady, Northern Ireland, making aluminium substrates for disc drives.

The investment is driven by the growth in global demand for data storage devices, and underlines the attractions of Ireland's 10 per cent corporation tax, and the availability of skills from the nearby Cork University, among the top five microelectronic research centres in Europe.

Seagate is the world's biggest manufacturer of disc drives, with 30 per cent of the market, employing 108,000 people with annual turnover of more than I£5bn.

The company says the factory at Ringsakiddy will be in production in 1998, with output shipped to Seagate's assembly plants in Ireland, the US and Malaysia. Up to half the 1,000-strong workforce are likely to be engineering graduates.

Company executives have held talks with Cork's National Micro-electronics Research Centre, which already has collaborative agreements with 160 domestic and foreign-owned electronics companies, and is involved in designing training programmes for a number of multinationals.

Seagate's arrival in Cork will boost the local economy, where inward investment has been over-concentrated in pharmaceuticals. Since the mid-1970s, a number of multinationals have set up, but the region has largely missed out on the recent wave of information technology investments.

Mr Conor Doyle, president of the Cork Chamber of Commerce, said the investment would give a "better balance" to the local industrial infrastructure. Earlier this year, local worries were raised over Apple's worldwide rationalisation plans, with fears for its Cork plant, set up in 1980.

Ireland now relies on foreign investment for 75 per cent of manufactured exports, more than half manufacturing output and 45 per cent of industrial employment.

Last year, it replaced the UK as the favoured site for US electronics hardware investment, securing 30 per cent of new projects in the European Union against 19 per cent for the UK, a study by accountants KPMG showed.

Intel, the US chip manufacturer has invested more than $2bn in a plant at Leixlip outside Dublin. Earlier this year IBM announced a $350m investment in computer memory chip manufacture. The low tax regime has allowed US companies earn a post-tax rate of return of 23 per cent on capital employed, up to five times that of US companies elsewhere in Europe, the US Department of Commerce says.

Emu policies hit white goods sales in Europe

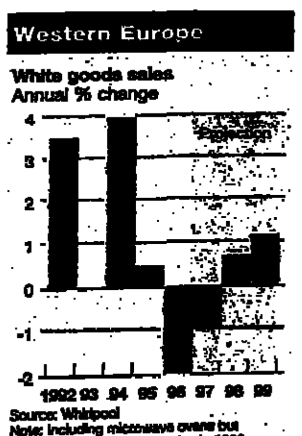
By Peter Marsh in London

Sales in Europe's $25bn-a-year white goods industry are expected to decline in value this year, the fifth successive year in which the value of sales have fallen, according to Whirlpool of the US, one of the world's biggest two manufacturers of theseproducts.

Whirlpool, which shares the top slot in the world's domestic appliance industry with Electrolux of Sweden, says prospects for the western European market have dimmed since the end of last year.

In volume terms, the company is projecting a decline this year in white goods sales of 1 per cent, after believing six months ago the market would be flat. Mr Jeff Fettig, president of Whirlpool's European division, said in an interview: "The environment [in Europe] is terribly negative."

Consumers have been cautious about buying new washing machines, refrigerators and cookers for several years, because of generally weak economic growth. But, Whirlpool says, efforts by governments to reduce borrowing and get inflation under control in preparation for a single currency have put the white goods industry under greater pressure in the past two years.



Source: Whirlpool
Note: Including microwave ovens but excluding floor cleaners, sales in 1996 were 51.5m units, worth some $25bn

The attempts, particularly in Germany and France, to qualify for monetary union in 1999 are having a "negative near-term effect on economic growth", with "social spending cuts and tax increases inhibiting private consumption," Whirlpool added.

Earlier this year, the head of European operations of Caterpillar of the US, the world's biggest construction machinery maker, also linked efforts by countries to qualify for a single currency with low forecast growth in the industry.

Whirlpool and Caterpillar remain supporters generally of a single currency which they predict should make Europe more competitive, but have indicated that the efforts to make it happen have been a lot harsher than governments envisaged when they began the project early in the 1990s.

White goods is one of the sectors particularly hit by low growth in consumer spending across Europe in the 1990s. According to Whirlpool, the last year in which white goods sales saw a year-on-year increase in value was 1992.

Volumes (units sold) saw increases in 1994 and 1995 but because consumers have been shopping around for cheaper appliances, the industry's total revenues declined in both years.

In 1996 the number of units shipped in western Europe fell 2 per cent, with a 4 per cent fall in value; this year, Whirlpool is projecting a 3 per cent fall in value.

Whirlpool is the third biggest supplier of white goods in Europe, after Bosch-Siemens of Germany and Electrolux.

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Brazilian bill seeks to resolve reform impasse

By Geoff Dyer in São Paulo

Brazilian government leaders have proposed a special one-year session of Congress to revise the constitution, in the latest attempt to push forward stalled reforms.

The announcement follows the continued blockage in Congress of the civil service and social security reforms, proposed by the government more than two years ago. Economists see the reforms as crucial in reducing the budget deficit and securing macroeconomic stability.

Mr Aécio Neves, leader of the Social Democratic party in the lower house, said he would present a bill to Congress next week asking for a so-called "revisory" session in 1999.

His comments were interpreted as a tacit admission that the government did not expect to secure sufficient approval of key constitutional reforms to the civil service and social security system before the presidential elections in October next year.

Mr Neves proposed that the special session should run through 1999 with changes to the constitution being passed on the basis of a simple majority vote, rather than the three-fifths majority normally required.

His bill would require the approval of a separate constitutional amendment in Congress. He also suggested that a referendum should be held on the subject.

A revision of the constitution in 1999 was becoming increasingly a "good alternative", he said. His proposal was backed by Mr Inocêncio de Oliveira, leader in the lower house of the Liberal Front, a member of the government coalition.

The idea of a special session of Congress has been discussed for a number of months, but Mr Neves is the first government leader to openly propose it.

The government had hoped its enhanced authority, after the approval of a constitutional amendment allowing President Fernando Henrique Cardoso to stand for re-election, would break the impasse in Congress.

However, while it has made progress on a number of other pieces of important legislation, it has not been able to push through the constitutional reforms which require a larger majority.

Earlier this week the government failed to defeat an opposition amendment to the administrative reform bill and the vote on another and more important opposition amendment was postponed until next week.

Analysts said the government had until the end of the year to push its proposals before election campaigning begins in earnest.

Observers said that if Mr Neves' bill was approved, it could provide a significant impetus to the government. However, Mr Alexandre Barros, a political analyst, warned: "This could open a whole new Pandora's box. If the government only needs a simple majority to change the constitution, then the opposition only needs a simple majority to overturn reforms already approved."

Brazil's 1988 constitution, which was written after more than two decades of military dictatorship, has been widely criticised for making unrealistic commitments and for the protection it awards several vested interests.

President Cardoso: re-election allowed

Rival US agencies fail to agree a common line

Pollution row nears climax

By Bruce Clark in Washington

A political battle over plans to impose tighter air pollution standards in the US is moving to a climax, not only in Congress but in the heart of the White House.

Rival agencies of the Clinton administration have been trying without success to hammer out a common line on plans by the Environmental Protection Agency to regulate ozone and tiny soot particles more stringently.

President Bill Clinton, who has presented competence in handling the economy as one of his greatest strengths, is under mounting pressure from a coalition of manufacturing, mining and energy interests which has denounced the standards as unscientific and hugely expensive.

Mr Gene Sperling, a close presidential aide who heads the National Economic Council, is understood to be holding the ring in a bureaucratic battle between the EPA's director, Ms Carol Browner, who has championed the standards, and the Office of Management and Budget.

Mr Kofi Annan, UN secretary-general, yesterday warned the US Congress against imposing conditions on the payment of Washington's arrears to the world body, writes Michael Littlejohns in New York.

UN officials estimate US arrears exceed $1bn, but a plan between Republican leaders and the White House calls for a $819m settlement. However, diplomats in New York are outraged over a related proposal to have the US General Accounting Office go over the UN's financial records.

Mr Annan said: "One can discuss these things in the Congress but that does not mean they are going to become law in the UN".

Ms Browner wants to reduce to 2.5 microns from 10 the size of tiny particles, produced by combustion engines and factories, which are subject to regulation. She also proposes to slash the permissible level of ozone to 0.08 parts per million, measured over eight hours, from 0.12 parts measured over an hour.

The OMB, which must review the EPA's proposals before they are finalised in July, has floated the idea of softening the rules by allowing regions to exceed the ozone limit eight times a year, rather than three times as the EPA wants.

The EPA has calculated that, under its plan, regions with a total population of 74m – including most of New York, Detroit and Los Angeles – would find themselves in "non-attainment" with the new soot standards, while nearly 50m Americans live in places that fail to meet the ozone requirements.

The OMB has also suggested increasing by 20 per cent the level of soot that would be acceptable.

But Mr Frank O'Donnell, a campaigner with the Clean Air Trust, a non-profit group, said: "We're pleased that Ms Browner seems to be holding firm, because the public supports her."

Mr Clinton and Vice-President Al Gore, who has emphasised his own interest in the environment as he grooms himself for the White House, have avoided public comment on a dispute where almost any position carries political risk.

Ecuador outlines plan to cut deficit

By Justine Newsome in Quito

President Fabián Alarcón of Ecuador has finally bitten the bullet and announced how he plans to cut his country's 1997 budget deficit from 4.6 per cent to 2.7 per cent of gross domestic product.

Rejecting "orthodox economic measures which hit the pocket of the poorest Ecuadoreans", Mr Alarcón has opted for a hotchpotch of one-off policies, leaving analysts sceptical of their efficacy.

When he was appointed by Congress in February to replace Mr Abdalá Bucaram, Mr Alarcón inherited a potential fiscal deficit for 1997 of almost 7 per cent of GDP, or $1.4bn. The government claims the deficit forecast has since been cut to 4.6 per cent of GDP.

To achieve its 2.7 target, Mr Alarcón promised measures "which do not have great social costs, as has been the policy of this government since the beginning".

The details of the new measures which together, the government hopes, will cut the deficit by a further 1.9 points were far from clear in the president's announcement. Revenue from oil exports would no longer be used to finance the import of derivatives, and importers would be responsible for their own financing, the president revealed.

The state would also discount letters of credit received in payment for oil sales, and make more efficient use of public sector funds deposited at the central bank.

However, there is little optimism that this government will be the one to win a long battle to recover a debt from Emelec, the private electricity company.

The president also rejected a cut in the state subsidy for cylinders of cooking gas, and pledged to continue protecting poor electricity consumers with subsidies. But "sectors with the capacity to pay" look set for an increase in electricity prices.

While nationals apprehensive about an austerity package may be relieved following Wednesday's announcement, economists warn that these half measures do not provide long-term solutions for Ecuador's public finances.

AMERICAN NEWS DIGEST

Further fall in US retail sales

Retail sales in the US dropped for the third consecutive month in May, the Commerce Department reported yesterday, reflecting in part slower sales of more costly durables such as cars.

The stock market rose to new highs on the data, with the Dow Jones Industrial Average gaining more than 82 points to 7,658.18 by early afternoon. Analysts said weaker than expected sales figures and higher than forecast weekly unemployment data made it less likely that the Federal Reserve would raise interest rates soon.

Retail sales dropped 0.1 per cent last month to a seasonally adjusted $210.3bn after revised falls of 0.9 per cent in April and 0.3 per cent in March. It was the first time in more than 15 years that retail sales have weakened for three consecutive months, department officials said, and may indicate a long-term slowing of consumer demand. Economists had forecast a rise of 0.4 per cent for the month.

Meanwhile, weekly new jobless claims rose by 1,000 to 339,000 in the week ending June 7. Economists had forecast claims would fall to 326,000. *Reuter, Washington*

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EU raid on US agribusiness

The European Commission yesterday confirmed its inspectors had raided the European headquarters of Archer Daniels Midland, the US agribusiness group, in connection with alleged price-fixing of amino acid products.

Two other US companies with offices in Europe have also been searched as part of the same investigation, but the Commission refused to name them. However, a spokesman for Mr Karel Van Miert, competition commissioner, said they were located in the UK and Germany.

Last year ADM pleaded guilty to price-fixing charges on lysine, an amino acid, and citric acid in the US and paid a record $100m in fines.

The Commission inspectors are understood to have been looking for information relating to lysine following complaints from competitors. Under EU competition rules the Commission can raid any company trading inside the EU suspected of anti-competitive practices. If found guilty, they could be fined up to 10 per cent of annual global sales.

Last week it emerged the Commission and the US competition authorities were probing alleged price fixing among graphite producers. *Emma Tucker, Brussels*

Pressure on Banzer over ally

Pressure is building in Washington for General Hugo Banzer, winner of the first round in Bolivian elections on June 1 and favourite to become the next president, to rethink his chief coalition partner.

Three US congressmen, including Mr Benjamin Gilman, chairman of the House committee on foreign affairs, have sent a letter to Mrs Madeleine Albright, secretary of state, urging her department to preserve "the strong partnership that the US and Bolivia have maintained in the fight against drugs".

Mr Banzer's coalition partner, former president Mr Jaime Paz Zamora, has had his US visa permanently revoked for alleged drugs links. *Sally Bowen, Lima*

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Chancellor retorts that changes will bring a more rigorous, precise and open approach

City attacks move to ease inflation target

By Robert Chote and Liam Halligan

Mr Gordon Brown, the chancellor of the exchequer, came under attack from opposition parties and City of London economists yesterday for relaxing the government's inflation target.

But he rebuffed the criticism, telling the House of Commons that "instead of an ad hoc, personalised and often chaotic system, we have introduced rules based on principles and a rigorous approach".

Mr Brown confirmed that the newly independent monetary policy committee of the Bank of England, the UK central bank, would be charged to achieve 2.5 per cent underlying inflation, excluding mortgage interest payments. Previously the target was 2.5 per cent or below.

In his first speech to the Lord Mayor of London's annual dinner at the Mansion House in the City, Mr Brown said he would like to reduce the inflation target in future if international conditions permitted and if the government managed to help the economy sustain stronger growth without pushing up the rate of price increases.

He also hailed what he described as "rigorous, precise and open procedures" which would help the Bank deliver the inflation target in the long term. If inflation diverges from the new target by more than a percentage point either side, Mr Eddie George, the Bank's governor, will have to write an open letter of explanation.

This would ensure "the public was fully informed why the divergence has occurred and what steps will be taken in response", he said.

But the chancellor's revision to the inflation target ran into criticism.

"By having fixed 2.5 per cent, with an effective margin of 1 per cent either way, you are setting a range of 1.5 per cent to 3.5 per cent, beginning a serious relaxation of bearing down on inflation," said Mr Malcolm Bruce, the Treasury spokesman for the pro-European Liberal Democrat party.

Mr Kenneth Clarke, shadow chancellor in the opposition Conservative party, said: "You are giving no kind of stability or confidence to anyone."

But the chancellor's aides denied there had been any loosening and Mr Brown insisted in a letter to the Bank governor that "the thresholds *do not* define a target range".

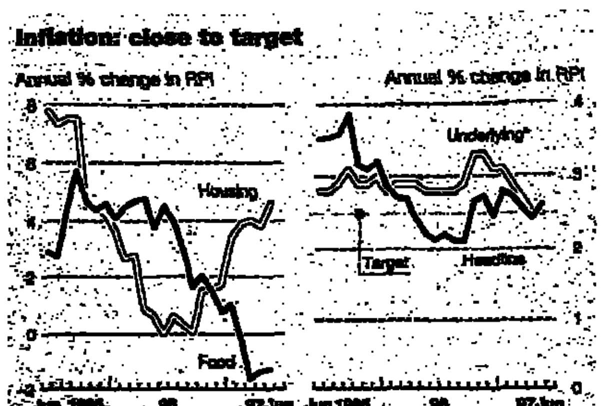
In his speech at the Mansion House, Mr George promised that the Bank would not exploit its new-found independence to "adopt an unduly cautious approach, thereby imparting a restrictive bias to the economy".

He said 2.5 per cent was clearly the mid-point of the target and "the measure of our success will be how close we come to 2.5 per cent on average over time".

Mr George also warned that the new and expanded Securities and Investments Board, the City regulator, ran the risk of becoming over-bureaucratic. He said there were "powerful arguments" for the government's decision to move responsibility for banking supervision from the Bank to SIB.

But combining banking supervision, which seeks to minimise the risk of failure in each bank, with the central bank's responsibility for preserving the stability of the system could produce a "cross-eyed controller".

Inflation: close to target



The underlying rate of inflation – the retail price index minus mortgage payments (RPIX) – was 2.5 per cent in the year to May, unchanged from April. But the overall rate edged up slightly. The retail price index (RPI) gained 0.2 of a percentage point in May, taking the annual rate of change to 2.6 per cent compared with 2.4 per cent in April

Treading the line between credibility and humility

Turning enthusiasm for low inflation into a precise numerical target involves a trade-off between the need to establish credibility and to demonstrate humility.

Any target has to be demanding enough to persuade the financial markets and wage bargainers that the authorities are serious about achieving low inflation. But it cannot be too demanding in case the authorities lose their credibility again when the target proves impossible to hit.

Mr Gordon Brown, the chancellor of the exchequer, yesterday tried to strike a balance between these conflicting objectives.

He told the Bank of England's monetary policy committee to pursue a target of 2.5 per cent for underlying inflation, which excludes mortgage interest payments.

If inflation moves more than one percentage point either side of the target, then the governor of the Bank will have to send an open letter explaining:

- why inflation has moved so far from the target;
- what policy actions will be taken to deal with it;
- when inflation is expected to be back on target and;
- how this meets its monetary policy objectives.

The chancellor, while not deciding rates himself, can tell the Bank how quickly he wishes it to address any overshoot or undershoot. This means he can stop the Bank cutting inflation much more quickly than people expect, which is when disinflation is most expensive in terms of unemployment and lost output.

City economists and the opposition parties decried the open letter system as a *de facto* loosening of the target. Technically this may be true, but in a sense it simply recognises the inevitable limitations of inflation targeting. Policymakers may set interest rates in the belief that they will deliver a given inflation rate in 18 months or two years, only to find that external shocks or disturbances push them off course.

"The thresholds do not define a target range," Mr Brown wrote to the governor of the Bank yesterday. "Their function is to define the points at which I shall expect an explanatory letter from you."

In recent years the governor would rarely have needed to reach for the inkwell. Underlying inflation has not been lower than 1.5 per cent for a generation and – more relevant – not higher than 3.5 per cent since 1992.

However, Mr Christpher Salmon and Mr Andrew Haldane, economists at the Bank of England, carried out an exercise in 1995 in which they constructed a model of UK inflation since 1960, assuming the authorities had pursued a 2.5 per cent inflation target.

They used this model to assess how inflation may have turned out had the economy been buffeted by the disturbances typical of the period. They concluded that, even if monetary policy had always been well directed towards the 2.5 per cent target, there would have been a less than one-in-four chance of delivering it within one percentage point.

We cannot be certain whether the stability of inflation in the early 1990s is an aberration or a new norm.

Robert Chote

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Old score settled in favour of ex-minister

By Richard Adams in London

Yesterday's news that inflation is on target was good news for Mr Kenneth Clarke, the former chancellor of the exchequer, now running to be leader of the opposition Conservative party. Two years ago, Mr Clarke and Mr Eddie George, governor of the Bank of England, clashed over whether to raise UK base rates. Mr George wanted a rise, but was overruled by Mr Clarke. The assumption in the Treasury and the Bank is that interest rate changes take about two years to have their full impact on the economy.

Two years on, Mr Clarke turned out to be right. The base rate at the time was 6.75 per cent – 0.25 higher than now – but Mr George argued that an increase to 7.25 per cent was needed to slow the economy and meet the inflation target. Mr Clarke said he saw no justification for a rise. In fact, the next move in rates was down.

Mr Clarke went on cutting interest rates until they were at 5.75 per cent this time last year. Then sterling began its rapid ascent in August last year, with cheaper imports now keeping prices down and underlying inflation on target.

Full board uses meeting with premier to announce $65m investment at components plant

Ford backs welfare-to-work programme

By David Wighton, Political Correspondent

Ford yesterday backed the government's welfare-to-work programme after a meeting of its board with Mr Tony Blair, the prime minister. The board also announced a £40m ($65.2m) investment at its Enfield components plant in north London.

Mr Blair outlined the programme to Sir Alex Trotman, Ford's British-born chairman, and the full board, which was holding its four-yearly meeting in the UK.

Mr Blair's staff said Ford had agreed to work with the government on the welfare-to-work package and had requested a further meeting to discuss what role it could play. The meeting at a London hotel was the first of a series Mr Blair plans with business leaders, continuing the dialogue he started in opposition.

Sir Alex described the meeting as "friendly and collaborative" and said the prime minister had been very supportive about of issues the company raised.

Mr Blair also touched on the government's plans for a university for industry which he said were in line with Ford's approach to training.

But welfare-to-work occupied most of the hour-long meeting. Mr Blair said the programme could work only with the full co-operation of the private sector and he welcomed Ford's commitment to support it.

The government last week announced the appointment of Sir Peter Davis, chief executive of Prudential, the insurance company, to head a taskforce to advise on implementation of the programme. He is expected to draft in other business figures to help draw up proposals.

Mr Blair also stressed at the Ford meeting the government's commitment to economic stability and flexible labour markets.

The company used the meeting to announce the Enfield investment, which will provide new production facilities for instrument panels. Mr Ian McAllister, chairman of Ford of Britain, said the news followed the recent announcement of a £25m investment at the Ford plant in Swansea and was on top of the £600m investment for the next two to three years, unveiled this year.

The Enfield factory supplies Ford plants in Britain, the US, Mexico, Germany and Spain.

● Ford's Jaguar offshoot made the biggest improvements in quality in the past year among manufacturers studied in the annual quality survey by the international research company J. D. Power and Associates. Responses were gathered from more than 16,000 UK owners of two-year-old cars.

European makes of car were less reliable than Asian ones, the report said. Mr Dave Sergeant, J. D. Power European operations director, said: "Many of the leading Japanese vehicles in the study are built in the UK, proving that in the right conditions British workers are quite capable of building world-class vehicles."

Gun truce fails to halt 'punishment' attacks

John Murray Brown on a response to Northern Ireland 'justice'

Protestants in Northern Ireland are taking a stand against the "punishment attacks" which continue to be meted out by paramilitaries in spite of the formal ceasefire observed by the Combined Loyalist Military Command, the group which links the main anti-nationalist paramilitary units.

A community group in Belfast, the capital, has set up a helpline to intervene in local disputes and try to prevent the attacks, which often result in serious injury, mutilation and even death.

Beatings are exacted for everything from joy riding and drug pushing to assault, wife abuse, glue sniffing, public drunkenness and other "anti-social" behaviour. While the "loyalist" gunmen keep to their truce, their activists have continued to use beatings as means to discipline their own ranks.

The Irish Republican Army, the military wing of Sinn Féin, uses such attacks in Roman Catholic areas to underline its control over local communities.

The problem is made worse by the low key presence of the Royal Ulster Constabulary, the Northern Ireland police force, who in many-hard bitten housing estates have found it difficult to win acceptance.

Many locals are reluctant to report crime to the police, relying instead on the paramilitaries to exact retribution in their name. Community workers say there is ample evidence that people tacitly acquiesce in these attacks.

A report last month from the New York based Human Rights Watch blamed the RUC for contributing to the problem by "abandoning normal policing functions".

The report said that "paramilitary organisations act as investigator, prosecutor, judge and jury and they carry out their own sentences".

The RUC says there were 64 "loyalist" beatings reported up to June 1, compared with 53 for the same period last year. On the Roman Catholic side, there were 49 republican attacks compared with 74 for last year.

This reflects the unofficial moratorium on punishment attacks in place during the British general election campaign in April, to facilitate canvassing by Sinn Féin. But as one senior police official put it yesterday: "They seem to have started again with a vengeance."

The new community group calls itself Philos and was founded by the Stadium Youth and Community Centre in the Protestant Shankill Road. The group's spokesman Mr Sammy McCaw said: "What's been going on for the past few weeks has really brought things to a head for us. We believe it will get a lot worse unless we do something."

The group is the latest attempt to take a stand against paramilitary violence. The Families Against Intimidation and Terror and a separate organisation called Outcry are also mobilising public support to help victims.

Philos said this week: "Ongoing punishment attacks and the more recent shootings could continue to bring the 'loyalist' ceasefire into question and put further pressure on the peace process by giving reason to question the presence of the 'loyalist' representatives at the peace talks."

The 1997 toll so far

Jan 5 Portadown: Three men taken to hospital with leg injuries after "punishment shooting". Belfast: man of 31 attacked in his home by masked men with baseball bats. Woman in the house was hit in the face.

Jan 23 Londonderry: Masked men beat man of 29 with iron bars and spiked wooden clubs in his home. Police said gang claimed to be from IRA. Belfast: Legs of 18-year-old man broken in beating by masked men.

Jan 25 Armagh City: Man of 18 in hospital after beating left him with suspected broken legs. He already had pins in his legs from previous beating.

Feb 1 Belfast: Man of 33 found dying in street. Local city councillor said: "The man was beaten to a pulp". Man of 19 in hospital after five masked men with clubs and one with a gun abducted him from a house and left him with a broken leg and ankle and bruising to the face and body.

Feb 9 Bangor: Four masked men with baseball bats attack man of 23 and woman of 19 in man's home. Belfast: man of 21 found with face and arm injuries caused by beating.

Feb 16 Londonderry: Boy of 15 beaten in street by three masked men in republican area with nail-studded baseball bats. Injuries were fractured elbow and arm, puncture wounds and bruising.

Feb 26 Armagh City: Two men, claiming to represent IRA, dragged girl of 16 from a taxi office, tied her to a lamp post and hacked off her hair before covering her with paint.

Mar 21 Belfast: Youth of 17 in hospital after beating by 10 men with sticks.

April 8 Downpatrick: Man of 26 dragged out of his home by five masked men and beaten with hammers. Ballynahinch: Man of 25 abducted and dumped with broken leg in isolated lane after paramilitary-style assault.

April 17 Belfast: Boy of 15 in hospital after "loyalist" paramilitary gang broke into his home with hammers and beat him in his home in front of his mother.

May 27 Belfast: Man of 23 attacked in his home by masked men with baseball bats.

Jun 3 Belfast: Man of 24 has leg amputated after being shot by republican paramilitaries, reportedly for stealing a car radio.

Jun 9 Belfast: Three young men in hospital with gunshot wounds after being "kneecapped" in a paramilitary attack in a "loyalist" estate.

Above: a paramilitary gang in Northern Ireland poses for cameramen

UK NEWS DIGEST

Euro row in leadership race

Mr Kenneth Clarke and Mr William Hague, two of the three remaining contenders for the leadership of the opposition Conservative party, yesterday clashed over their contrasting policies on a European single currency. With the second ballot in the contest due next Tuesday, Mr Hague sought to harden his opposition to sterling's membership of a single currency, saying he "would fight the next general election on the platform that we would not abolish the pound".

He said the prospect of a single currency was fast receding, but warned it would be a "huge economic risk as well as an immense constitutional change – and I would ensure that the policy of the Conservative party is to be opposed to it".

Mr Clarke attacked the comments, saying that candidates would divide the party if they took a firm line on issues before the contest was over. In a letter to Conservative MPs, Mr Clarke, who is on the pro-European wing of the party, said: "There is no point in setting in train any review of policy if the leader sets down its conclusions on vital questions, including Europe, before the process even begins." *James Blitz*

Philip Stephens, Page 14

■ CONSTITUTIONAL REFORM

Minister moves to allay PR fears

Mr Robin Cook, foreign secretary, sought yesterday to allay concern among advocates of constitutional reform that the government believed the prospects for the 1999 European elections being held under proportional representation were diminishing. The government is likely to face pressure from European Union partners to bring Britain's voting system for the European parliament into line with other countries. Mr Cook said in an interview with this week's New Statesman magazine that he had "never disguised ... that the timetable is very tight".

But he said ministers had not ruled out PR. "We want to see it happen. We are going to look very hard to see if we can make it happen," Mr Cook said. *John Kampfner*

■ EMPLOYMENT RIGHTS

Ex-BCCI staff win 'stigma' ruling

Innocent employees whose job prospects are ruined by the dishonesty of their employers could sue them for damages for the "stigma" they suffer, the House of Lords ruled yesterday. The case concerned two former employees of the collapsed Bank of Credit and Commerce International, who claimed they could not get jobs because of the corruption and dishonesty associated with the bank. "Every attempt they have made to re-enter the job market in the financial services sector has been thwarted by their former association with BCCI," said their lawyer. Five law lords, acting as the highest court of appeal, unanimously ruled that Mr Raihan Nasir Mahmud, a manager of BCCI's Brompton Road branch in London, and Mr Qaiser Mansoor Malik, head of deposit accounts at the Leadenhall branch in the City, can sue the bank's liquidators. Lord Nicholls said: "Employers must take care not to damage their employees' future employment prospects by harsh and oppressive behaviour or by any other form of conduct which is unacceptable today as falling below the standards set by the implied term of trust and confidence." Mrs Janet Gaymer, head of employment law at City solicitors Simmons & Simmons, said the ruling was "a very valuable addition to the weapons of an outgoing employee".

"It is an extreme example of the price a business or liquidator may have to pay for unethical business practice.

However, Lord Steyn warned such actions would be "inherently difficult" to prove and that it is "improbable that many employees would be able to prove 'stigma compensation'". *Jim Kelly*

■ SCOTTISH HIGHLANDS

Agency to help islanders buy land

Highlands and Islands Enterprise, the development agency for northern Scotland, has been ordered to set up a special unit to help people living in the Highlands buy the land they occupy and own it on a community basis. Mr Brian Wilson, the Scottish economy minister, announced the initiative yesterday at celebrations of the purchase of the Inner Hebrides island of Eigg by its 63 inhabitants. They raised £1.5m ($2.4m) to buy it from Mr Marlin Eckhart Maruma, its German owner, for a trust backed by the Highland local authority, Highlands and Islands Enterprise and the Scottish Wildlife Trust. An anonymous Englishwoman contributed £900,000.

Mr Wilson said he wanted the new unit at Highlands and Islands Enterprise to be "pro-active as well as reactive". He said the stewardship of Eigg had over the past 30 years come to symbolise much that was wrong about the free market in land. *James Buxton*

■ CARNAUDMETALBOX

$16m expansion for aerosol plant

CarnaudMetalbox Aerosols (UK), the US-owned packaging manufacturer, yesterday announced a £10m ($16m) investment programme for its plant at Sutton, south London. The move has been prompted by customers such as Gillette and Procter & Gamble, who hope to increase sales in eastern Europe. CarnaudMetalbox's move underlines the importance of the UK as a springboard for access into these expanding markets. *Richard Murray-Bruce*

■ ELECTRICITY

Competition pledge from minister

Mr John Battle, energy minister, yesterday said he would take responsibility for bringing competition to Britain's 25m electricity customers next year. He said at a meeting with electricity industry chiefs that the "buck stopped" with him.

Mr Battle said that trade department officials would monitor the industry's progress and another meeting with the industry leaders would be held in the autumn. He said he was committed to seeing competition introduced in 1998. He underlined his concern that it be done in a way that was "robust" and avoided chaos.

"I know who will get the letters of complaint if it fails," he said. *Simon Holberton*

AN INVITATION

A week of golf at the Ryder Cup in Valderrama

Monday, September 22 to Sunday, September 28 1997

Pearson, owner of the Financial Times, and its associate in Spain, Recoletos, invite you to the 1997 Ryder Cup in Valderrama, southern Spain. Watch Europe and America compete for this coveted trophy in the splendid surroundings of Andalucia. This very special package includes:

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The first eight people to book will receive complimentary tickets to the Ryder Cup Gala Dinner on Wednesday, September 24. To obtain full details of this event, simply call Richard Thomson on +44 171 873 3670 or fax +44 171 873 4381. The cost per person will be £3,500. Places are extremely limited so early booking is advised. (Closing date for bookings: Wednesday, August 20 1997)

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Monday 22	Depart Gatwick to Malaga Afternoon at leisure	Friday 26	First match day
Tuesday 23	Day at leisure	Saturday 27	Second match day Pearson/Recoletos Gala Dinner
Wednesday 24	Pearson/Recoletos Golf Tournament at Guadalmina Golf Club	Sunday 28	Final match day Closing Ceremony
Thursday 25	Ryder Cup opening ceremony	Monday 29	Depart Malaga to Gatwick

The Ryder Cup 1997 at Valderrama

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New proposals drafted to end EU beef ban

By Maggie Urry and George Parker

The government is preparing new proposals to put to Brussels in an attempt to end the beef export ban. The ban was imposed after the Conservative government announced in March last year that bovine spongiform encephalopathy – "mad-cow" disease – might cause Creutzfeldt-Jakob disease, the deadly human brain condition.

The decision to offer new proposals followed Wednesday's rejection by the EU's scientific veterinary committee of the certified herd scheme proposed by Britain.

Mr Jack Cunningham, agriculture minister, revealed the plan in the House of Commons yesterday in reply to question from Sir Teddy Taylor, a Eurosceptic Conservative MP, who said the SVC's decision was a "slap in the face" to the government.

The new proposal would be for a lifting of the ban on beef from animals born after August 1 1996. "We are formulating new proposals along those lines", Mr Cunningham said, ading that the government was also continuing to push for the certified herd scheme.

From August 1 last year it became illegal to hold stocks of animal feed containing meat and bonemeal. It is thought that infected feed was the cause of BSE.

A reliable cattle "passport" scheme was also introduced on July 1 last year so that animals can be traced from birth to slaughter. That may give such a proposal a better chance of success in Brussels, although it may be slower to take effect as these animals would not yet be ready for slaughter.

Farmers have long been lobbying for such a scheme, and welcomed Mr Cunningham's statement. The National Farmers' Union said using a start date would allow farmers to plan ahead to a time when their beef would become eligible for export.

Mr Cunningham's frustration with the EU vets and his threat to ban "unsafe" beef imports demonstrates that the government's harmonious relations with Brussels on the BSE issue are under strain.

The minister said he was disappointed by the SVC's opinion, which expressed concern about five aspects of the certified herd proposal submitted to the European Commission by the previous government. It suggested lifting the ban on beef from cattle under 30 months old, which could be traced as only having lived in herds free of BSE for the previous six years.

Praise for graduates in factories

By Peter Marsh in London

Graduates employed in factory production areas to bridge the gap between management and plant operators are playing a big part in improving UK industrial competitiveness, says a report today.

Use of graduate supervisors in factories has "grown sharply" in recent years, according to Mr Geoff Mason, a research fellow at the National Institute of Economic and Social Research.

Mr Mason examined the work and background of production supervisors in 29 engineering plants – 10 each in the US and the UK and nine in Germany. He found that 20 per cent of the supervisors in the UK plants were university graduates, a much higher figure than during the 1980s. In Germany, about 85 per cent of supervisors had gained a high level of craft-based qualification – though not necessarily a university degree – while in the US the equivalent proportion was about 40 per cent.

With better educational qualifications than the people traditionally doing the job of supervisor or "foreman" in factories, the graduates may be better able "to see the wider picture and keep up to date with technical developments elsewhere", says Mr Mason.

Use of such supervisors in UK plants may be helping industry to narrow the skills gap compared with plants in Germany, in which supervisors have traditionally been drawn from the ranks of highly qualified technical people with shopfloor experience.

According to many commentators, the efforts of these *meister* supervisors in training other workers and overseeing jobs such as maintenance and production scheduling has been one of the main factors boosting productivity of German plants compared with their UK counterparts.

Mr Mason believes use of graduate supervisors in the UK is most advanced in plants using many semi-skilled production people, such as in the automotive parts, electronics and domestic appliance industries.

هكذا من الاصل

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REPUBLIC OF POLAND
MINISTER OF THE STATE TREASURY
INVITES TO NEGOTIATIONS

Concerning Purchase of Shares in the Share Capital
OF THE POZNAN PHARMACEUTICAL WORKS
"POLFA" JOINT-STOCK COMPANY SEATED IN POZNAN
(Poznanskie Zaklady Farmaceutyczne "POLFA" Spólka Akcyjna z siedziba w Poznaniu)

The Minister of the State Treasury, acting on behalf of the State Treasury of the Republic of Poland, in accordance with Art. 33 par. 1 of the Law on Commercialisation and Privatisation of State-Owned Enterprises of August 30, 1996 (Dz. U. No. 118 item 561 as amended) invites offers from Potential Investors interested in purchasing at least 10% of shares in the share capital of the Pharmaceutical Works "POLFA" Joint-Stock Company seated in Poznan, hereinafter referred to as PZF "POLFA" S.A. or "the Company".

According to Article 36 of the above referenced Law, entitled employees wil be offered a total stake of up to 15% of shares in the share capital of PZF "POLFA" S.A. free of charge.

According to Article 56 of the Law, at least 10% of shares in the share capital will be reserved to support the pension system.

According to the Resolution of the Council of Ministers, No. 86 of October 4, 1993, 5% of the share capital will be reserved by the State Treasury for reprivatisation purposes.

PZF "POLFA" S.A. activities comprise: producing chemical products (including pharmaceuticals, medicinal chemicals and other substances of vegetable origin), beauty and skin care products, research and development in the field of chemical sciences, financial intermediary activities, performing services utilizing the Company's existing assets, and wholesale and retail sales activities within the scope of Company business, including export and import.

Parties interested in this invitation are kindly requested to contact the Polish Institute of Management Sp.z o.o. (PIM) acting adviser to the State Treasury on this project.

Address: Polish Institute of Management Sp.z o.o. (PIM)
02-691 Warsaw, Obrzezna St. 3, IX floor
phone (22) 647 02 40; 43 66 51; fax (22) 43 87 50

The Polish Institute of Management Sp.z o.o. will disclose basic information on the Company to interested parties. Parties that sign the Confidentiality Agreement will also be provided with an Information Memorandum containing detailed information on the Company, privatisation procedure and content of indicative offers.

Transaction manager: Ms. Jagoda Szonert

Indicative offers from Potential Investors should be submitted by July 9, 1997, 3:00 p.m. Warsaw time.

The Minister of the State Treasury reserves the right to extend the deadline for submitting offers, to change the procedure, reject submitted offers or not to undertake negotiations without explanation.

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REPUBLIC OF POLAND
MINISTER OF THE STATE TREASURY
INVITES TO NEGOTIATIONS

Concerning Purchase of Shares in the Share Capital
OF THE PHARMACEUTICAL WORKS "POLPHARMA"
JOINT-STOCK COMPANY SEATED IN STAROGARD GDANSKI
(Zaklady Farmaceutyczne "POLPHARMA" Spólka Akcyjna
z siedziba w Starogardzie Gdanskim)

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According to Article 36 of the above referenced Law, entitled employees will be offered a total stake of up to 15% of shares in the share capital of "POLPHARMA" S.A. free of charge.

According to Article 56 of the Law, at least 10% of shares in the share capital will be reserved to support the pension system.

According to the Resolution of the Council of Ministers, No. 86 of October 4, 1993, 5% of the share capital will be reserved by the State Treasury for reprivatisation purposes.

"POLPHARMA" S.A. activities comprise: producing pharmaceuticals, pharmaceutical substances, ready-to-use drugs as well as other semi-finished products and pharmaceutical products, conducting research in the field of pharmaceutical production, producing other special purpose machinery, retail and wholesale trade, including import and export of own and third-party products encompassed by the scope of Company business.

Parties interested in this invitation are kindly requested to contact the Polish Institute of Management Sp.z o.o. (PIM) acting adviser to the State Treasury on this project.

Address: Polish Institute of Management Sp.z o.o. (PIM)
02-691 Warsaw, Obrzezna St. 3, IX floor
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CONTRACTS & TENDERS

REPUBLIC OF TUNISIA
MINISTRY OF TOURISM AND HANDICRAFTS
OFFICE NATIONAL DU TOURISME TUNISIEN
ONTT

Sale of the Hilton Hotel

As part of the state's privatisation policy and the restructuring program within the tourist sector, the Tunisian national tourist board 'Office National du Tourisme Tunisien' (ONTT) is putting up the Hilton Hotel for sale. The five-star hotel is located in Tunis-Notre Dame, has 467 beds and covers a total area of 49,000 square meters.

Interested parties may obtain the specifications book from the following address as and from the publication of this notice, on payment of five hundred (500) dinars:

Office National du Tourisme Tunisien,
1, Avenue Mohamed V, Tunis.

Interested parties may visit the hotel during office hours from 9 a.m. to 12 p.m. after having obtained the specifications book and made an appointment with the hotel's General Manager.

Bids, accompanied by the specifications book and all the required documents should be sent to the following address in two sealed envelopes, by registered mail:

Ministère du Développement Economique,
Secrétariat de l'Unité de Privatisation,
Place Ali Zouaoui, 1000 Tunis.

The outer envelope should be strictly anonymous and marked: "Do Not Open - Bid to acquire the Hilton Hotel."

The final date for the receipt of bids by the Bureau d'Ordre of the Ministère du Développement Economique is set for September 15, 1997; the seal of the Bureau is proof of date.

Any bid received after the closing date or not containing all the required documents will be rejected.

THE GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHYRIA
GENERAL POPLULAR COMMITTEE OF HEALTH AND SOCIAL SECURITY

Announces the following medical supplies tenders (1998)

* Pharmaceutical products tender (1/27)
* Dressing, sutures, sundries, orthopaedic and cardiac surgery consumables (2/27)
* Medical laboratory consumables and reagents (3/27)
* Dental materials (4/27)
* X-ray films and materials (5/27)

Companies are invited to submit their offers according to the following conditions:

1- Offers for the pharmaceutical products tender (1/27) are accepted from manufacturer of pharmaceuticals for human use only.
2- The tender specification's Brochure for (1/27) and (2/27) are obtained against the payment of (250 L.D.) for each copy paid in major european currencies as specified in the general conditions
3- The rest of tenders (3/27), (4/27), and (5/27) can be obtained aganist the payment of (150 L.D.) for each copy paid as indicated in No. (2) above.
4- Authorised company employee only can obtain the tender specifications.
5- Tenders Brochures are obtainable from the following places as from 25.5.1426 B.M. (1997)
(A) National Company for pharmaceutical Industries:
Fallah road Tripoli - Libya Tel:4801954 Fax:4801950 P.O.Box:10225
(B) Libyan Health Office "Bern" Switzerland
Tel:0041319526555-0041319526556 Fax:0041319526852
6- Closing date of the submission for tenders offers will be 10/7/1426 B.M. (1997).

Offers should be forwarded either by hand or DHL or similar speedy carriers to the address of the tender committee:
- National company for pharmaceutical industries. Fallah road - Tripoli - Libya.

LEGAL NOTICES

No. 1979 of 1997

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF J BIBBY & SONS PLC
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 2nd June 1997 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of capital of the above named company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London, WC2A 2LL on Monday the 23rd day of June 1997.

ANY Creditor or Shareholder of the said company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated the 13th day of June 1997

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Solicitors for the above named Company

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FT
FINANCIAL TIMES

CANTERBURY COLLEGE

Development Consortium Required.

Canterbury College intends to relocate to a new site near to Canterbury city centre in order to provide improved facilities for students within a modern comprehensive campus development.

The project, which will be financed by the private sector, requires a development consortium to:

- procure a suitable site and obtain planning consent for educational development;
- dispose of the existing site;
- finance, design and construct the new college, associated facilities and amenities (up to 30,000 sq metres);
- maintain and manage the new buildings and site;
- identify and develop compatible ancillary uses.

Interested suppliers will receive a Preliminary Information Memorandum for the project. This document includes a prequalification questionnaire which must be returned by 1 August 1997.

Contact: Mark Dawe, Head of Corporate Services,
Canterbury College, New Dover Road, Canterbury, Kent CT1 3AJ
Telephone (01227 811 111) Facsimile (01227 811 101)

REPUBLIC OF TUNISIA
MINISTRY OF EQUIPMENT AND HOUSING
Unité de Réalisation de la Cité Olympique
7 Novembre 1987 à Radès

International Tender No 08
Postponement of closing date

The Housing and Equipment Ministry's Unité de Réalisation de la Cité Olympique 7 Novembre 1987, informs parties involved with international tender No 08, relating to the technical control of the studies and construction of a 60,000-spectator football stadium at the Cité Olympique, Radès, that the closing date initially set for June 17, 1997, has been postponed to June 24, 1997.

John Kay

Produced to price

The economic significance of an activity is measured by what someone, other than the producer, thinks it is worth

I wrote an article in 1980 which explained why a contraction of manufacturing industry was an inevitable consequence of the growth of British North Sea oil production. This was my first encounter with manufacturing fetishists.

The article proved to be very controversial – it was, incidentally, right.

Few critics focused on technical weaknesses in the argument. They said instead that what I was saying ought not to be true or, if true, ought not to be said.

I started to understand that for many people the role of manufacturing industry was an emotional issue rather than an economic one. "Surely you don't think that an economy can survive on hairdressing and hamburger bars?" No, I did not, any more than I thought it could survive on steel and car production. But because I was not in favour of manufacturing industry, I was regarded as being against it.

It seems that it is impossible to be a disinterested observer of the share of manufacturing in national income – any more than it is possible to be a disinterested observer of Eric Cantona, or a test match between England and Australia.

The origins of manufacturing fetishism might be better explored by a psychologist or an anthropologist, but let me have a go.

Thousands of years ago people hunted, fished and made primitive implements. If a man was good at these things, his wife and children prospered; if not, they died. From this we have inherited the notion of a hierarchy of needs – food and shelter running ahead of chartered accountancy and cosmetic surgery. With it comes a notion of a hierarchy of importance for economic activities – agriculture and basic manufacturing running ahead of hairdressing and television programming.

All this ceased to have economic relevance, however, once technology advanced enough for it to be unnecessary to hunt and fish all day to get enough to eat – a state of affairs reached many years ago.

Once primitive tribes achieved this, they started to add discretionary activities to the fulfilment of their basic needs.

The services that came into production then remain representative of the services we buy today. There was the priest, who warded off evil; the bureaucrat, who ruled over the tribe; the repair man, who sharpened the stones and the knives – and eventually the insurance agent, who organised a scheme of mutual support for unlucky villagers whose cow died or whose house burnt down.

With the rise of a market economy came Adam Smith's division of labour. Specialist tasks were assigned to those best qualified to fulfil them.

As Smith noted, the division of labour was limited by the extent of the market, and the growth in the geographical scope of markets has steadily increased the division of labour. But even in the early stages of discretionary expenditure,

With the rise of a market economy came Adam Smith's division of labour. Tasks were assigned to those best qualified to do them

rewards became divorced from the place activities enjoyed in the hierarchy of needs.

You got paid only for goods that people wanted, but it soon became apparent that insurance and priestly services were among the things they did want.

Given that what you produced was wanted, earnings reflected the scarcity of the talents needed to produce them, and your position in the power structure of the tribe. The first explains why the insurance and repair men did well, and the second accounted for the prosperity of the bureaucrat and the priest.

Those who are lucky enough to have that power or these rare talents have often felt embarrassed by earning more than those who work to satisfy more basic elements in the hierarchy of needs. Often, they also enjoy occupations that are less arduous and more fun. The embarrassment is rarely very great, and does seem to have diminished recently, but emphasising the importance we attach to these other supposedly more necessary, but less well-remunerated activities, is a means of assuaging it.

Whatever the truth of all this, none of it should provide a basis for economic policy or industrial strategy.

There is a slightly more persuasive version of the intellectual confusion that tends to the view that manufacturing is special. This suggests that manufacturing output is more important than services because manufacturing, unlike services, is sold to foreigners. Of course, many services are sold to foreigners and many manufactures are not, but there is some truth in the stereotype.

But the real weakness in this argument points the way to the correct answer to the valuation of different activities. If what matters is the tradeability of output, then why draw the line around the nation state? Why not draw it more broadly, or more narrowly? After all, neither the City of London nor a steelworks, could survive on its own. You cannot drink derivatives or eat steel. They survive and are valuable because – and only because – they can persuade people outside their boundaries to value their output. The output is valuable, not because it can be sold to foreigners, but because it can be sold.

So the economic significance of an activity is not measured by its place in some objective hierarchy of needs. It is measured by what someone, other than the producer, thinks it is worth.

That explains why almost all the lobbying which is done on behalf of allegedly important but neglected activities comes from producers who have failed to persuade other people to value what they do:

- The makers of high-cost goods which are already in excess supply, such as steel and textiles.
- The producers of the kind of films that people want to make but which audiences do not want to go and see.
- Farmers who grow foodstuffs at twice the cost of obtaining them from more favoured parts of the world.
- People who have advanced technological solutions to problems that do not exist.

Whatever industrial policy we are going to have, beware of any that is predicated on a consensus on which economic activities are more important than others. That is one judgment that is always better left to the market.

The author is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.

Engineering leaders

Halma, the publicly quoted UK engineering company, has no time for the business fashion of focus. The aim of its highly successful acquisition strategy is to spread itself across a number of different industrial fields.

It is one of just two companies – out of the 20 middle-sized engineering leaders in Germany and the UK studied by the FT for this series – to take such an approach. Most consider it too risky and have generally avoided acquisitions of any sort.

Halma is a world leader in a number of niche fields such as ultrasonic cleaning equipment and fire detectors. David Barber, the chairman, bought into Halma in 1972, when it was a tiny investment business. Since then about 100 acquisitions have been made, mainly of small, private technology companies. Halma's sales and profits have grown by about 25 per cent a year and its 167-fold increase in earnings per share between 1974 and 1996 is unmatched by any other UK company.

The company's record is based on finding small organisations which have a technological lead in virtually any field of engineering. The key is that, in each area, the market prospects are relatively undeveloped.

Halma has eight operating divisions, each run by a chief executive who has responsibility for a range of individual companies in loosely defined technology categories. These eight divisions are in charge of 54 Halma subsidiaries, of which 25 are in Britain.

Barber: an 'encyclopaedic' knowledge of Halma's subsidiaries

Very rare variety

Peter Marsh on engineering success by acquisition

Each is run as a small business, with few management layers and high levels of accountability. Halma's total sales last year were £173.6m – 60 per cent of these outside the UK – with pre-tax profits of £33.6m.

Judgments about which new companies to buy are largely left to the chief executive of each division or "mini Halma". When a division becomes unwieldy – normally with 10 to 12 subsidiaries – they split, amoeba-like, into new ones.

Barber is described by Paul Compton, an engineering analyst at Merrill Lynch, the US bank, as having an "encyclopaedic" knowledge of all Halma's subsidiaries, yet combining with this the sensitivity and skills required to devolve as many decisions as make commercial sense. "He's the most talented person I've met running an engineering company," he says.

Many purchases are companies which are competing in fields close to the areas already covered by existing parts of Halma. "In many cases, we know these companies extremely well as commercial rivals, sometimes better than they know themselves," says Barber.

But it has also taken on completely new technological ventures, such as the purchase last year of Keeler, a world leader in ophthalmic equipment. Ten years ago it moved into highly sensitive gas detectors used, for example, to monitor methane levels in waste dumps, through the purchase of a UK company called Crowcon, which then had annual sales of £700,000. Since then, helped by other acquisitions, Halma has expanded sales of this part of its business almost 30-fold.

In a similar way, Halma in 1983 bought a small company called Apollo, a manufacturer of microchip-based fire detectors. Apollo has moved ahead rapidly, selling 1.5m of its detectors a year in 90 countries, and is now the third biggest company in the world in this field.

The secret to making his strategy work, says Barber, is intensive management. "For every 16 employees throughout the group, we've got the equivalent of a top graduate as a manager, who works at putting the Halma strategy into effect."

This is part of a series on successful middle-sized engineering companies in Germany and the UK.

Fathers win parental approval

With Father's Day on Sunday, a survey by Catalyst, a New York research company, concludes that companies are starting to respond to their male employees' changing parental roles.

About 49 per cent of fathers in the US rate themselves better parents than their fathers and 70 per cent say they spend more time with their children. More importantly, their partners seem to agree, with 86 per cent saying they do a good or very good job.

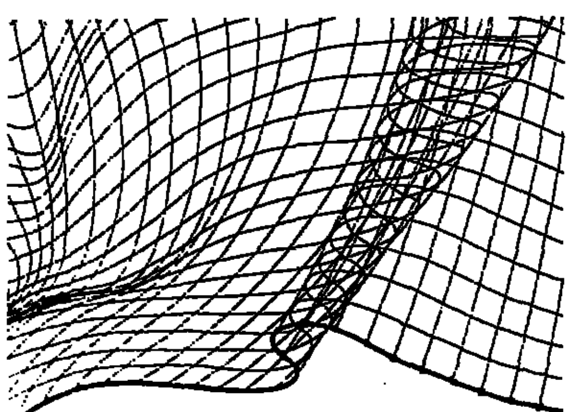
Companies are starting to respond with father-friendly policies. While paternity leave is still rare in the US, a growing number of corporations offer such programmes, including sportswear retailer Patagonia, software group Lotus, and NationsBank. Under such programmes, fathers receive four to eight weeks of partial or full pay.

Yet women, the survey finds, still bear the primary responsibility for childcare. While 92 per cent of fathers with children under six are in the paid labour force, only 62 per cent of mothers are.

Just 27 per cent of men with children under 13 say they would sacrifice career advancement for more flexible work arrangement.

When men assume most of the childcare burden, it is primarily for financial reasons. About 67 per cent of stay-at-home fathers gave up work because their spouses' incomes were higher.

Victoria Griffith



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In search of the US grail

Mark Suzman on enticing investors back into property

While location may still be the most important phrase in the property investor's lexicon, for more than a decade another "l" word has been challenging for top position: liquidity.

With institutions, particularly pension funds, much more concerned about access to ready cash to meet liabilities, the perceived illiquidity of property has become a strong disincentive to invest in the sector.

Buildings are difficult to buy and sell at any time, particularly during a recession. Buying property is very different from the quick transactions available in equities and gilts. Exacerbating the problem, property has turned in a poor performance for most of the past 15 years relative to equities and bonds. Combined with the fact that more liquid alternatives such as property shares carry tax penalties for pension funds, that has led to property falling from over 20 per cent of institutional portfolios to about 5 to 6 per cent.

Ian Mason, a director of the property division of fund manager Mercury Asset Management, believes the real weighting, excluding the largest funds, is probably closer to 2 to 3 per cent. He was speaking at a conference on liquidity organised by Nabarro Nathanson, the lawyers, this week.

But he also pointed out that there were widespread signs of renewed interest from the sector. The key is finding the holy grail to entice investors back into property: a liquid, tax-transparent vehicle.

"There has been potential for the creation of these type of instruments in previous cycles," says John Stephens, a partner at Jones Lang Wootton, the property consultants, "but the obstacles have always been tax transparency and the dilution of liquidity."

Unlike the searchers for the mythical grail, however, modern day property knights know exactly what they are looking for: an equivalent of the highly successful US Real Estate Investment Trusts (Reits). After an extraordinarily successful decade, these are now worth some $90bn (£55.2bn).

At best, proponents argue, such vehicles would not only entice institutions back to the market but also attract a wave of new foreign money, particularly from US investors who have been historically cautious about dabbling in the UK property sector.

Some optimistic analysts even suggest property should be compared with the US junk bond market in the pre-Michael Milken era: a large, illiquid market with the potential to transform itself into an investors' favourite.

In spite of a series of attempts over the years, all attempts have floundered in the face of Treasury fears about lost income. While representations by the industry to the previous government last year met with some sympathy, they did not lead to concrete results and there is little indication that Labour is likely to act any differently.

That in turn has refocused attention on alternatives that mimic the benefits of Reits.

According to David Sproul, a consultant at Arthur Andersen, the main difference is that, unlike previous attempts, the calls are being led by the pension industry rather than property owners.

"Previously the push for new, more liquid property assets came from investment banks and advisers, and never quite got off the ground," he says. "But now the process is much more demand driven."

Arthur Andersen carried out a recent survey to gauge interest in the property market. The survey of 20 of the largest funds – those with assets of £1bn or more – which currently have approximately 8.5 per cent of their portfolios in property investments, showed there was substantial unmet appetite for new property securities.

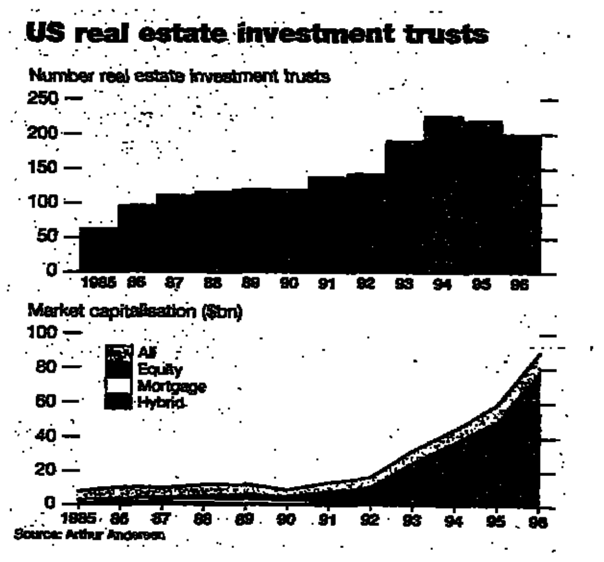
The research found that demand was driven by several factors. For several smaller funds, in the £300-£400m ($489m-$652m) range, the key drive is asset diversification.

For example, those with hefty exposure to retail would like an easy way of increasing exposure to industrial and office property without having to buy buildings.

Bigger funds see growth potential in property exposure without having to manage assets themselves.

"The message is no longer that the institutions want more liquid property investments, but that they need them," Mr Sproul says.

US real estate investment trusts



Source: Arthur Andersen

A number of such investments are already available, including limited partnerships and offshore companies, which are close-ended and tax transparent but may be unacceptable for some UK investors.

More recently, a range of synthetic structures based on index-related returns rather than ownership of property have been introduced, with new ones being proposed.

These have met with some success, but as specialist vehicles their attraction to investors is primarily as a hedging tool. It is too early to tell how broad their appeal will prove.

There was hope that authorised property unit trusts, introduced in 1991 and offering superior tax efficiency to quoted property companies, would provide the solution. Although recent interest has boosted the market, the total invested in such funds is still only about £300m.

One prominent – and promising – venture that could partially assuage such concerns is the £250m joint venture being set up by Dusco and Hermes, the fund managers.

It takes advantage of changes to stock exchange rules last year and aims to create a listed vehicle with substantial tax advantages over property companies.

Critics warn that ultimately the venture is still vulnerable to the risks of all open-ended funds – a run on shares would ultimately force sales of illiquid underlying property assets.

But stock exchange rules require the fund to have a substantial liquidity reserve. And Dusco is promising that the scheme – due to be listed this summer – will contain further devices to minimise illiquidity.

Until a Reit equivalent is approved by the government, there is widespread market belief that this is the most promising route available to reversing the decline in institutional interest.

As Mercury's Mr Mason admits: "It's not ideal, but for the sake of the property market we have to hope they are successful – and perhaps more important, that they are seen not to fail."

هكذا من الأصل

ARTS

Musical melting pot

As the 50th Aldeburgh Festival opens, **Stephen Pettitt** talks to artistic director and composer Oliver Knussen

Oliver Knussen is an absurdly young elder statesman of British music. For 14 seasons he has been one of the two – initially three – artistic directors of the Aldeburgh festival. It has been a time in which the festival has often been criticised for resting on its laurels and for excluding certain composers.

None of it, Knussen insists, is true. When he first arrived at Aldeburgh, along with co-director Steuart Bedford and, initially, Murray Perahia, "there was an unhappy balance between the Britten side and the box office side of things. We tried to make it more into a festival made up of friends again, which it was in the first place, with a balance between the old and the new, creating a model for integrated rather than didactic, thematic programming." A difficult balance to strike; and he admits that he has not always got it right.

These days Aldeburgh, founded by Benjamin Britten in 1948, relies heavily on its audience's fidelity, trust and readiness for adventure. There is a sense of idealism about the programming that one can only think of as a healthy thing. The 50th festival programme is a typical Aldeburgh mélange, with music by Britten placed with almost nonchalant daring alongside the core classical repertoire and new work.

Yet another forgotten Britten piece, the Double Concerto for violin and viola of 1932, sees the light of day for the first time. And Knussen conducts the world premiere of Alexander Goehr's *Schlussgesang* for viola and orchestra, after texts by Kafka – "a really important, substantial piece", says Knussen.

Michael Berkeley is the subject of the annual composer portrait, and most of the other concerts contain something slightly unexpected. Britten's spirit further asserts its presence with his cantata, Saint Nicolas, premiered at the very first festival, and with the City of Birmingham Touring Opera's highly praised productions of the three church parables, returning to their home territory after doing the national rounds.

This year's festival starts today with a double bill of music theatre pieces by Mark Anthony Turnage, *Twice Through the Heart* and *The Country of the Blind*. Loyal and open-minded Aldeburgh's audiences might be, but they are also of a certain, genteel kind, largely middle-class and in many cases at least middle-aged. Knussen is only too well aware of the problem of the limited demographic spread. "There's still nowhere near enough young people. We're just far enough away from London to make it difficult for people to get to. And the audience for *Owen Wingrave* isn't going to be very interested in Louis Andriessen's latest piece, which is a problem. But over the years audiences have come to trust us a little bit. We get away with doing a lot of the stuff you can't you get away with in London."

And the isolation of Aldeburgh has made it something of a melting pot, a place of pilgrimage even, for the composers that visit, not all of them famous, not all of them to hear their own music. It is this kind of contact that Knussen clearly values most from his time here. And no, he insists, there really is no Aldeburgh mafia, though it is quite understandable why those composers as yet unsummoned might choose to think so.

Indeed if he is notorious it is not for his godfatherly ways but for his repeated failure to finish his own pieces on time. The very public non-delivery in 1984 of any completed score of his second Glyndebourne opera, *Higglety Pigglety Pop!* – it took a further six years to finish – began a long and dismal roll call. He tackles the issue head-on. "Oh, I do finish my pieces! It just takes a long time. If I spent 100 per cent of my time being a composer perhaps I could be more predictable. But I don't." Now, he says, when he accepts a commission it's usually with no deadline and it's not announced until the piece is delivered. "You learn these things gradually."

Not that he has become any more relaxed about the act of composing. He is currently working on a piano piece commissioned by Takemitsu before he died last year. (This is one piece that does have a deadline, the autumn opening of the new concert hall in Tokyo; fingers will be staying firmly crossed.)

"There are various projects lying around in various states. I'm still working on *Chiara* [originally scheduled for the Proms two years ago] and I very much want to give *Higglety* a big overhaul. But the last year or two I've just been trying to balance my life out. I need to perform to make a living, but I also need to find time to think and to write." So Knussen's conducting will be more selective, while next season, he thinks, will be his last at the helm in Aldeburgh. "I've been deciding what I am, and I've come down very much on the side of being a composer."


Oliver Knussen: aiming for a festival 'made up of friends'

Aldeburgh Festival Box Office, High St, Aldeburgh, Suffolk IP15 5AX; Tel 01728-453543.

Opera

Verdi driven to the limit

No matter how much tugging and heaving went on, or how many pairs of hands joined in to help, the curtain at Tuesday's Royal Opera House revival of *Rigoletto* obstinately refused to go up. Evidently it knew something we did not.

After a brief apology Daniele Gatti left the pit and waited until it was clear the performance could continue. Then he started again from the beginning, which meant we heard the prelude twice. It was a big-boned account of it both times round, culminating in a noisy climax with blaring brass and smashing cymbals. Gatti likes to drive his Verdi to the limit and the result, depending on how close he gets to the edge, turns out either exciting or crude.

Unfortunately, this *Rigoletto* was plain crude. It may be that *Trovatore* would work if it was painted in such unrelenting primary colours, but the subtle and shadowy world of *Rigoletto* demands a greater sensibility. Given a conductor who was prepared to allow them some freedom, the Rigoletto and Gilda might have made something expressive of their duets together. And what a splendid torrent of semiquavers Gatti unleashed in Rigoletto's grand "Cortigiani", but it would have been nice to hear the singer too.

How a baritone less powerful than Franz Grundheber would have managed, I do not know. German singers have not made much of an impression on Verdi operas since the war, but Grundheber has the strength and openness of tone, together with a ringing top, to make a significant exception to the rule. He rises to the big moments on a grand scale – a roaring lion of a Rigoletto, who rarely suggests any whimper of insecurity.

Ramón Vargas is wholly delightful as the Duke. It is a joy to hear this role sung by a voice much lighter than usual, so that the rhythms bounce lightly and the high portions of the vocal writing float on the breath. The only snag is that he looks too nice. The Duke of Mantua is one of opera's undiluted rotters, but Vargas is the sort of friendly young man any girl would be happy to take home to father.

There is a sterling supporting duo from Enkelejda Shkosa as Maddalena and Robert Lloyd, sounding better than ever as Sparafucile. As for Viktoria Loukianets's Gilda, this was not so much a performance, more a private vocal art therapy session. She refuses to look anybody on stage in the eye and devotes herself to constructing elaborately arty, fine-spun phrases, which might be beautiful if one was close enough to hear them. Somebody might remind her there is an audience out there as well.

Richard Fairman

Theatre

An affair of the heart

A friend of mine once speculated that the crassest line imaginable in a historical drama would be, "Hello, Chopin – my that's a nasty cough." To the best of my knowledge, it has never actually been uttered (although when Hugh Grant played the consumptive composer in the film *Impromptu*, his first and last speeches were both composed entirely of "ahem's"). David Abramovitz has the occasional discreet spasm over the 90 minutes of Bruno Villien's *Nocturne for Lovers* in Chichester's Minerva Studio, but is confined for the most part to the piano keyboard.

Kado Kostzer's production calls for a pianist rather than an actor in the role of Chopin, and Abramovitz fits the bill. His speeches – delivered diffidently in a hybrid accent mixing the performer's native New York with traces of French and a dollop of theatrical English – total perhaps 60 seconds.

His playing is infinitely more eloquent, although this too seems a little restrained at first, perhaps due to the unfamiliarity of a theatricial rather than a concert *milieu*.

The vast majority of the text is derived from the letters of Chopin's lover George Sand, and spoken by the enviably un-aged Leslie Caron – although almost half as old again as Sand when the events recounted end in 1849, Caron still carries some of the air which first endeared her to cinema-goers, looking scarcely out of place in the writer's youthful masculine attire.

The fatal weakness lies in the piece itself. In effect, it is no more that two intertwined recitals – one spoken, the other musical. The performers occasionally respond to each other's material (Abramovitz to Sand's words, Caron to Chopin's music) but, even when in close proximity to one another, they never have an opportunity worth the name to interact.

Caron does her best to deliver her texts dramatically, with grand gestures and at one point a gratuitous puppet-show, but the real drama is not supplied by the material presented here; rather, we the audience must be willing to imbue what we see and hear with both emotional heft and historical significance provided by a combination of extrinsic knowledge and programme notes.

The programme portrays this production as a labour of love: Caron's for Sand, Kostzer's for both the play and the actress he first saw on the screen as a child. As a first step from which to proceed, this is fair enough; as the only perceptible motivating passion, it is insufficient to invigorate a play which is not really a play at all.

Ian Shuttleworth

Minerva Studio Theatre, Chichester, until June 21 (01243 781312).


Alastair Muir

Enviably un-aged: Leslie Caron as George Sand in 'Nocturne for Lovers'

Theatre/**Alastair Macaulay**

The last seduction

Like umpteen plays these days, Anthony Neilson's *The Censor* contains mutual masturbation and penetrative sex. More unusually – but still mildly by the standards of anyone who has read the Marquis de Sade – it also features an act of onstage defecation by way of fulfilling a sexual fantasy. The play itself, however, is really the latest update of the Abbé Prevost's classic 1733 novel *Manon Lescaut* (which has itself been deemed pornographic by some previous generations). Uptight, repressed, principled, scrupulous chap is seduced by uninhibited sensualist girl. His principles start to go the way of all flesh. She dies. He is left distraught, a wreck.

In this case, he is a censor and a married man, she a maker of erotic film drama. One nice twist is that a large part of her seduction is simply designed to change his mindset; it seems probable that for most of the play she has little genuine sexual interest in him for himself. Another nice twist is that she really makes some progress on him; she does start to change the way he talks about modes of emotional and psychological expression in film and art. The play has several funny lines; and certainly you want to know what will happen next between them.

And yet *The Censor* is hardly a play. The dramatic dice are all weighted in her favour. (She has a name: Miss Fontaine.) He is an impotent weakling, a non-communicative cuckold, whose psychosexual peculiarities she susses out and fulfils with remarkably swift ease. But then she dies. Shucks. We also see his wife, by the way. She manoeuvres around his impotence and her own adultery with quiet and patient drabness: a small and thankless role. When he is convulsed by sobs at the end, we know that it is because he has just heard of the death in New York of Miss Fontaine. His wife, however, thinks that it is because of his reluctance to meet her current lover. No, she doesn't understand him, but then, he has always been at pains to ensure she never should. It is hard to care for either of them, or for Miss Fontaine.

The energy of the play is deliberately low, but it lacks tension. Were the censor (Alastair Galbraith) less passive, and were the spacing between him and Fontaine (Raquel Cassidy) more charged, the rhythm of the central scenes would seem less slack. Since Neilson is also the director, he must take responsibility.

The Royal Court Theatre has produced the play in the Duke of York's Theatre, and the most extraordinary feature of the production is that both acting area and audience are placed on the old stage. The "real" auditorium is left empty; indeed, you walk through it. On the way out, a handsomely amplified recording of the young Barbara Cook singing "Till There Was You" plays. If I recall aright, Sian Philips selected the same recording for Desert Island Discs only last week. Fancy that.

At the Royal Court Theatre Downstairs, Duke of York's Theatre, until June 14.

INTERNATIONAL

ARTS GUIDE

■ ATHENS

CONCERT
Odeon Herodus Atticus
Tel: 30-1 323 0049
● Koninklijk Concertgebouw Orkest: with violinist Peter Zimmerman in works by Hindemith, Tchaikovsky and Beethoven; Jun 17

■ BERLIN

CONCERT
Konzerthaus Berlin
Tel: 49-30-203090
● Elias: by Mendelssohn. Conducted by Achim Zimmermann, performed by the Berliner Singakademie and the Orchester der Komischen Oper Berlin. Soloists include soprano Lena Lootens, tenor Markus Schäfer and bass Thomas Quasthoff; Jun 15

OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401
● Katja Kabanowa: by Janácek. Conducted by Jiri Kout. Soloists include Friedemann Kunder, Stefano Algieri and Ute Walther; Jun 17

■ DUBLIN

EXHIBITION
Irish Museum of Modern Art
Tel: 353-1-6718666
● The Glen Dimplex Artists Award Exhibition 1997: display featuring works by the six artists shortlisted for this year's award: the sculptors Stephen Craig and Dorothy Cross, painter Willie McKeown, multi-media artist Maurice O'Connell, photographer Paul Seawright and the partnership of Phelan and McLoughlin who work with time-based art; to Jul 13

■ JERUSALEM

EXHIBITION
The Israel Museum
Tel: 972-2 631 833
● The Secret of the Golden Age: Works of the Goldsmith Israel Rouchomovsky (1860-1934): display of 70 works by the goldsmith, including a gold tiara, jewellery, medallions, Judacia, miniature books in gold and enamel bindings, metal monograms and engraved plaques; to Aug 25

■ LONDON

CONCERT
Barbican Centre
Tel: 44-171 638 8891
● Kathak Dance Company: performs traditional Indian Kathak dances, choreographed by Pandit Birju Maharaj to live music; Jun 13

Wigmore Hall
Tel: 44-171 935 2141
● Yasye Quartet: with pianist Pascal Rogé in works by Fauré and Schumann; Jun 15

EXHIBITION
Royal Academy of Arts
Tel: 44-171-4397438
● 229th Summer Exhibition: the Royal Academy's annual Summer Exhibition brings together paintings, sculptures, drawings and models by many distinguished British artists and architects, displayed alongisde works by members of the British public. The majority of works are for sale; to Aug 10

THEATRE
Apollo Theatre
Tel: 44-171-4945068
● Popcorn: by Ben Elton. Directed by Laurence Boswell. The cast includes Patrick O'Kane and Dena Davis (prov end date); to Aug 31

■ MADRID

CONCERT
Fundación Juan March
Tel: 34-1-4354240
● Oscar Lopez Plaza: the guitarist performs works by Sor, Abril, Dyens, Moreno, Torroba and Koshkin; Jun 16

EXHIBITION
Palacio de Velázquez
Tel: 34-1-573-62-45
● En La Piel de Toro: display of works from Spanish and Portugese artists from the early 1980s to the present day; to Sep 8

■ MUNICH

OPERA
Cuvilliés-Theater - Altes Residenztheater
Tel: 49-89-296836
● Der Rosenkavalier: by Strauss. Conducted by Peter Schneider, performed by the Bayerische Staatsoper. Soloists include Felicity Lott, Susan Graham, Jan-Hendrik Rootering and Gottfried Hornik; Jun 15

■ NEW YORK

EXHIBITION
MOMA – Museum of Modern Art Tel: 1-212-708-9400
● Objects of Desire: The Modern Still Life: exhibition examining the development throughout this century of the still life genre, featuring works by Picasso, Magritte, Miró, Joseph Cornell, Jasper Johns and Christo; to Sep 2
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Prints in the Age of Albrecht Dürer and Lucas van Leyden: exhibition presenting highlights from the Museum's collection of German and Dutch prints dating from 1470 to 1550; to Jul 13

THEATRE
John Golden Theater
Tel: 1-212-239-6200
● Master Class: by McNally. Directed by Leonard Foglia.

■ PARIS

EXHIBITION
Fondation Cartier pour l'Art Contemporain
Tel: 33-1 42 18 56 50
● Amours: exhibition celebrating images of love and romance, from Renaissance times to the present day. The broad range of artists represented includes Picasso, Munch, Rodin and Jean-Luc Godard; to Nov 2
Musée du Louvre
Tel: 33-1 40 20 50 50
● La politesse du goût: display of the collection of Antoine-Joseph Dezallier d'Argenville, a leading personality from French Enlightenment society. The exhibition features 50 drawings, including works by Dürer, Rembrandt, Raphaël and Rosa; to Aug 25

■ SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● San Francisco Symphony Orchestra: with conductor Michael Tilson Thomas and guitarist Steven Mackey, keyboard-player Terry Riley, pianist David del Tredici and organist John Walker in works by Del Tredici, Harrison, Riley and Mackey; Jun 15

EXHIBITION
M.H. De Young Memorial Museum Tel: 1-415-750-3600
● Life and Afterlife in Ancient Peru: exhibition featuring 200 pre-Hispanic Peruvian art works from the collection housed in Lima's Archaeological Museum and covering a 3000 year period before the 1532 Spanish conquest. The display includes ceramics from the country's south coast cultures such as Nazca and a selection of gold and silver regalia used by the aristocrats of the pre-Inca world; to Aug 10

■ TOKYO

EXHIBITION
Tokyo Metropolitan Museum of Art Tel: 81-3 3823-6921
● 18th Century French Paintings From the Louvre Collection: display of 77 works on loan from Paris, including pieces by Boucher and Fragonard; to Jul 13

■ VALENCIA

EXHIBITION
IVAM Centre Julio Gonzalez Tel: 34-6-3863000
● Antes del Arte: display of work by a group of artists seeking to return to art which is based in the natural world; to Aug 31

■ VIENNA

CONCERT
Konzerthaus Tel: 43-1-7121211
● Wiener Kammerorchester: with conductor Heinz Holliger, viola-player Tabea Zimmermann and violinist Pamela Frank in works by Mozart and Mendelssohn-Batholdy; Jun 15, 16

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Philip Stephens

Anyone but him

The half-declared purpose of the Tory leadership contest is to exclude the man who can return the party to power

Bemused, baffled, bewildered? Do not concern yourself. You are in crowded company. If you cannot make sense of the contest for the leadership of Britain's Conservative party, that is because there is no obvious sense to be made of it. So let's try.

I had promised myself I would not write again about the succession to John Major until it was settled. Who cares about the Tories when Tony Blair is touching elbows with Jacques Chirac at the Elysée Palace and Gordon Brown is charming the bankers at London's Mansion House? Yet this contest holds a fatal attraction. Nothing is quite so beguiling as the self-immolation of a once-great party. This is politics at its most primitive. Mr Blair and Mr Brown will have to take their turn.

The Tory contest has turned the rules of politics upside down. Choosing a new leader demands a fairly routine calculation. Sure, old rivalries and friendships count, but there is an obvious starting point. Who can win? Thus we knew within hours of John Smith's death in 1994 that Mr Blair would succeed him.

Not so for the sad remnants of the Conservative party. Its contest confounds us because its half-declared purpose is to exclude the candidate with a chance of returning it to office.

I am referring, of course, to Kenneth Clarke, the pugnacious former chancellor. This week he came top in the first poll of MPs with 49 of the 162 votes. He is the overwhelming choice of those in the country who still own up to being Tories.

But the rules reserve the choice to MPs. And, on present arithmetic, Mr Clarke seems likely to be miss the prize in a second or third round next week. Once dubbed the world's most sophisticated electorate, his colleagues have a snappy new slogan. ABC they twitter: Anyone but Clarke. His crime: to admit that one day Britain might, just might, have to consider, just consider, joining a single European currency.

The anyone in this instance seems to be William Hague. In the first ballot the 70-odd votes of the hard-line Eurosceptic right split three ways. Peter Lilley and Michael Howard were forced to withdraw. John Redwood defied the odds to stay in the race. But Mr Redwood was once likened to the extra-terrestrial Mr Spock in Star Trek. Even this Tory party is not about to elect a Vulcan.

So Mr Hague, who took 41 votes, is the front-runner. His youth (at 36 he is eight years younger even than Mr Blair) gives him a relatively clean record. He is said to be of the millennium generation, whatever that is. He is a centrist with Eurosceptic edges, sometimes anyway. Above all, though, he is not Kenneth Clarke.

The parallels with Mr Major's victory seven years ago are inescapable. Then the party determined to choose anyone but Michael Heseltine, the author of Margaret Thatcher's dethronement. Mr Major had no obvious form. He appealed to left and right. He was of a new generation.

> Nothing is quite so beguiling as the self-immolation of a once-great party. This is politics at its most primitive

We should acknowledge the Tory party has always nurtured a certain vindictiveness. Thus Alec Douglas-Home succeeded in 1963 because he was not Rab Butler. Edward Heath was deposed under the banner anyone but him.

Former leaders too rarely say thank you. Lady Thatcher has never forgiven the party for her rejection. If they wanted someone else, the Conservatives did not deserve to win. And when Mr Major stood down six weeks ago, he saw sweet revenge in the chaos of an immediate contest. He had been tortured during his time in Downing Street. Let them do without him.

One might have thought, though, that this time the instinct for survival would have asserted itself. Here is a party at its lowest point since the 1830s. It will take a political earthquake to shift Mr Blair. The times demand cool judgment. Not a bit of it.

I do not wish to be unfair to Mr Hague. He is an intelligent, diligent politician. A mutual acquaintance who has worked closely with him describes the former Welsh minister as sharp, relaxed and courteous, a good minister and a shrewd politician. This observer has long thought he would in time make it to the top.

In time. Mr Hague's politics are half-formed. He entered parliament in 1989. He has spent his time learning the ways of Whitehall and Westminster. There has been neither time nor space to develop a world view.

A set of instincts – he is against a single currency, for capital punishment, against abortion – do not amount to a political philosophy. Friends says his ideological compass is more firmly calibrated than ever was Mr Major's. But they have no proof. A quip doing the rounds at Westminster bears witness to the doubts. Mr Major, it goes, has pledged his support. Mr Hague's advisers are terrified the news will get out.

Picture Mr Hague sandwiched between, say, Mr Clarke and Mr Howard and you will see what I mean about political weight and presence. And the civil war goes on. Mr Howard and Mr Lilley failed to win the crown for the hard right. The next best thing was to imprison Mr Hague.

Amid all this Mr Clarke protests the single currency is irrelevant in opposition. Why should the party tear itself apart over an issue it may never confront? There is cold logic here. And yet Mr Clarke misses the real explanation for the present condition of his party.

Saving the pound started off as an obsession in itself. Now it is the cloak thrown over an immense cavity in the Tory prospectus. The factions must define themselves as for or against the putative euro for a simple reason: they have no other points of reference.

In embracing liberal economics Tony Blair has remade the political landscape. He has robbed the Tories of their remaining enemy and taken the voters with him. The Tories are left stranded on barren ground with neither compass nor map. Past principles have been forgotten, ideas for the future have not been formed.

The party which has dominated British politics for most of the present century needs not just a new leader but a new purpose. I suspect Mr Clarke could begin to provide it. Not the grand philosophy perhaps, but at least a few signposts back from the wilderness.

There is talk at Westminster that he might yet win, that his young rival's campaign could yet be derailed by an unforeseen turn. Who knows? But of one thing I am sure. If it is Mr Hague, it would be cruel to congratulate him.

LETTERS TO THE EDITOR

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Empty calls are no substitute for action on tough, intricate issues

From Mr Harry L. Freeman.

Sir, Professor Jagdish Bhagwati's essay, "Short on trade vision" (June 3), is long on hope and short on realities. He now sees President Clinton as bogged down and fears little will happen in Clinton II. Thus he attacks Clinton II for not keeping up the trade liberalising momentum.

First, a lot of trade liberalising is going on, much led by the US. For example, the US is trying to finish the transatlantic dialogue, a trade liberalising negotiation concerning mutual recognition of standards. Droll stuff it is, but vital to business.

Second, the US is pushing many reluctant Latin countries to some kind of regional free trade agreement. Some Latin countries cry "no fast track". Truth: the US does not need fast track for a negotiation that will not begin until mid-1998.

Third, the US is pushing hard for liberalisation of financial services, following the information technology agreement and the telecommunications services agreement of early 1997. Beyond this, the World Trade Organisation's "built in" agenda is daunting enough and is itself a form of trade round.

Fourth, accession of leading countries to the WTO which agree to abide by WTO rules, such as Russia, China, Vietnam and Ukraine, can extend WTO rules to billions more people and achieve far more in proliferating trade rules than almost any new trade agreement imaginable.

Fifth, the US, by filing more than 25 complaints in the WTO dispute settlement mechanism, has chosen still another route to trade liberalisation – liberalisation by litigation.

Prof Bhagwati overlooks something else (which he has in common with others of the US trade community) – failure to appreciate that other priorities may be engaging the president. Most favoured nation status for China, more than a mere trade issue, is on the table. A call for free trade by 2020 and fast track in the midst of the China MFN controversy borders on political insanity.

Prof Bhagwati calls for a Clinton declaration of a free trade goal by a date certain in the future. No-one is against the principle, but empty calls for grand and glorious free trade, alone won't get us there. We need action, not clarion calls.

Throughout the US trade community, the "good guys", there is a plaint for some big new trade round in the sky along the lines of past dramatic rounds. Time has passed them by. We're down to very tough, intricate, and unyielding sectoral issues: non-tariff trade barriers, standards, agricultural quotas etc. We need brain power to concentrate on how to tackle these issues, not calls for a repeat of a non-existent past.

Harry L. Freeman,
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Trade move could prove destructive

From Mr Bryan Cassidy MEP.

Sir, The US Congress is walking a fine line on EU/US relations with regard to the new measure to strengthen the Helms-Burton Law ("US Cuba move risks reviving row with Europe", June 11).

Helms-Burton was immediately attacked in 1996 by members of the European parliament as illegal under World Trade Organisation rules and was seen by the European Union as provocative and liable to cause trade disputes. The European parliament debated and adopted an emergency resolution during its October 1996 plenary session in Strasbourg calling for the act to be challenged in the US Supreme Court as well as by the WTO.

Worries raised by the European parliament due to this controversial act include a so-called "hit-list" of companies throughout the world, including 147 EU businesses, which have been accused of dealing with the Castro regime in Cuba. Named Cuba's "Hall of Shame", it includes 27 British companies. The Act led to firm and very frank exchanges of views between the US Congress and the European parliament in Strasbourg in January of this year.

Trade wars have no winners. At a time when leading EU politicians dream of a free trade area embracing the US and the EU, it is sad to see political acts created that could destroy this special relationship. Democracy often follows free trade!

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Convergence should be the priority

From Mr John H. Birkett.

Sir, While it is of course theoretically possible for Emu to go ahead in 1999 with the UK and France but without Germany, as suggested by Lord Cobbald in his letter of June 9, (and should also be a practical possibility), when has it ever occurred in history that an empire excluded its own imperial power?

Martin Wolf, in his volte-face ("A two-speed carriage") says the alternatives to Emu are frightening and talks of the difficulties of making it work after it starts. That is largely because its protagonists insist on putting the cart before the horse. The disparate European economies need to converge on sensible bases and then maintain their convergence for several years (say five as a minimum) before any single currency should be introduced – and even then, only on the premise that a genuine political will existed among the people of the nation states involved.

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UK

From Mr Patrick O'Brien.

Sir, The present imbroglio over Emu should focus attention on the difficulty of UK business being part of a common market with France – which has a balance of payments surplus, 12 per cent unemployment, together with a propensity to subsidise and protect all its industries with which the UK competes – while the UK has denationalised almost all industry, has a balance of payments deficit and low unemployment.

Unless Germany and France undergo Reaganite/Thatcherite economic reconstructions UK cohabitation with them will be impossible. Their subsidised and protected industries will overwhelm the UK's unless their economies collapse in the attempt. Either way the UK loses.

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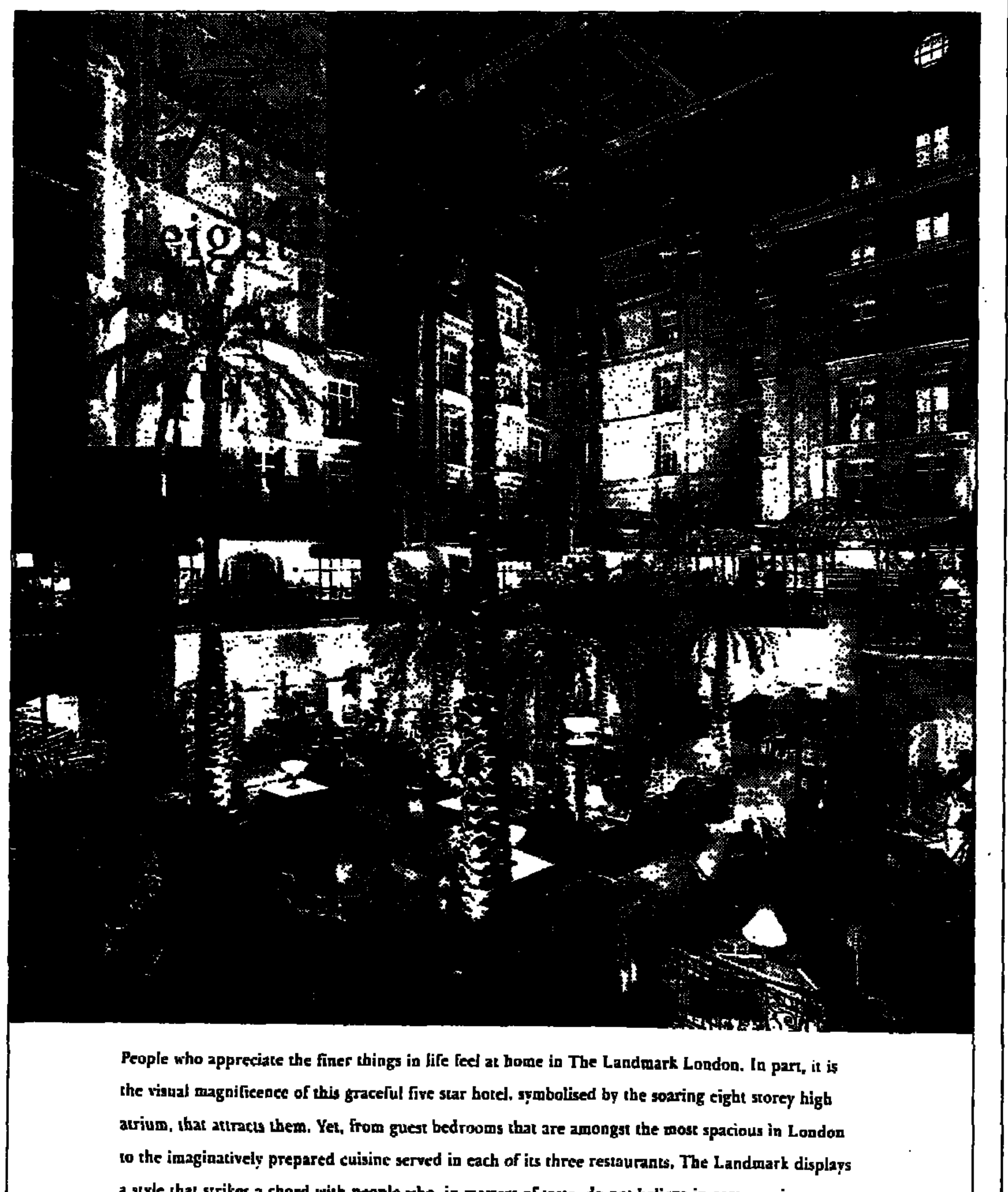

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AS INDIVIDUAL AS YOU ARE

Europa · Martin Hüfner

Lessons from the edge

Small EU states have come up with models that bigger nations should copy

Amsterdam: lifestyle is the key *Photograph: Tony Andrews*

Europe seems to be in the doldrums these days, judging from news headlines at any rate. The introduction of a common currency has hit a rockier road than expected. The expansion of Nato and the integration of eastern European countries into the European Union also appear more protracted undertakings than had originally been thought.

Worse still, Germany and France – the two presumed motors of European integration – seem to be paddling backwards in terms of economic performance. Unemployment continues to rise while budget deficits in 1996 were above the target levels required by the Maastricht convergence criteria.

Clearly, considering the expectation that monetary union will be introduced imminently, these developments could not have come at a more inopportune time. Rosy statistics would make it much easier for French and German politicians to convince their electorates of the practical benefits of European economic and monetary union. By contrast, bad numbers create suspicion and even fear.

And yet, in spite of these sombre circumstances, it would be a mistake to write Europe off. Many have already done so. There is even increasing talk of an end of the "European model". That view is off the mark because it is unfair to look – as so often happens – just at Germany and France when judging the economic performance of the EU countries. The "big two" are no longer the leading indicators of change in Europe. They may, more appropriately, be viewed as lagging indicators.

Beyond Paris and Bonn, there is ample evidence of the vitality of the European economy. The Netherlands last year had an unemployment rate of only 6.7 per cent, compared with 12 per cent in 1983. Moreover, the Dutch have done away with an overly generous welfare policy that had allowed, for instance, one-sixth of the country's working population to receive disability benefits rather than go to work.

Part of the Dutch lesson is that the electorate, if dealt with fairly and straightforwardly, is prepared to accept cuts in benefits. In addition, the Dutch solution to high unemployment emphasises part-time work as a preferred lifestyle: the number of part-time employees in the Netherlands, at about one-third of the workforce, is double that of Germany.

To their credit, the Dutch have adopted a realistic approach to the issue of pay and benefits. People choosing part-time work get full social security benefits while their wages depend on the amount of work they actually undertake. That is very different from ill-fated approaches in other countries, such as Germany, which put the emphasis on shortening the working week, while continuing to pay the *full* wage.

Denmark provides another good example of how Europe may be reinvented from the so-called "periphery". Although located in supposedly ultra-harmonious, social-minded Scandinavia, Danish entrepreneurs have a flexibility in terms of hiring (and firing) which their German and French counterparts can only dream of. Such flexibility creates considerably more productivity at the company level.

And even Sweden – that erstwhile model of overspending by the public sector – has proved that it can bring deficits down significantly. Its budget deficit is expected to meet the Maastricht criterion of 3 per cent of gross domestic product this year, after falling from 13 per cent in 1993.

Austria is a similar case. Its budget deficit in 1997 is forecast to be 3 per cent of GDP, compared with nearly 6 per cent in 1995. Last year, in an innovation, Austria presented a two-year budget in order to avoid politically painful debates every year over the need to trim government expenditure. While annual battles may add to the political melodrama, they do little to enhance the effectiveness of the governing process.

These examples from second-tier European countries may be just a series of coincidences. But we should not lose sight of the fact that the revitalisation of the European economic model is already well under way. Clearly, the repair crews are out in many countries.

For all their current resistance, the electorates in France and Germany – the laggard countries – will want to share in the success story. They will demand similar changes on the home front. Preserving benefits at present levels may be comforting, especially for organisations with vested interests such as trade unions. But most citizens have realised that the more they resist change the faster their countries slide down the slippery slope.

What is missing at this critical juncture is the courage by governments to assume responsibility and act. As demonstrated by the cases cited, it is possible to preserve society-wide consensus while agreeing on cutbacks.

This is perhaps the vital lesson to be learned by Germany and France from the recent experience of some of the smaller European nations. In the spirit of true European integration, the French and Germans ought to accept these lessons as valid for themselves, rather than use "consensus" as a code word for essentially doing nothing.

It is ironic that this state of affairs – a European economy reformed not from its centre but from its periphery – is not yet fully understood within Europe itself. All too often, countries such as Denmark, Sweden, and the Netherlands complain that too much "power" is in the hands of France and Germany.

I wonder just how relevant this dimension of institutional politics will prove to be in the ultimate analysis. In my view, many French or German leaders would gladly trade their country's institutional "power" for a stronger economic performance. That is why, contrary to standard EU folklore, the smaller European nations may very well be better off these days than their larger counterparts.

Dr Martin Hüfner is chief economist at Bayerische Vereinsbank, Munich

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday June 13 1997

Indian party's flawed choice

In electing Mr Sitaram Kesri as its president, India's Congress party, which has dominated the country's politics for half a century, seems determined to accelerate its own decline.

At 78, Mr Kesri is too old to appeal to a broad swathe of younger Indian voters. His abortive attempt to dislodge the United Front government this spring was ill-timed and embarrassing for his party. Apart from the fact that he has managed to get himself elected party president, Mr Kesri does not even come across as a competent schemer.

The willingness of Congress to overlook all this prompted supporters of defeated candidates to accuse Mr Kesri of rigging the poll. There is no evidence for this, but at the very least Congress appears to have become even more inward-looking since last year's general election. Then it was swept to resounding defeat by a tide of popular disgust with the corrupt government practices it had grown to represent.

Yet it is still a matter of regret that Congress appears to be dashing its own election hopes by choosing Mr Kesri.

True, the party's decline is a further symptom of a sea change in Indian politics, prompted in part by economic reforms which have given new freedoms to state governments. This is taking India away from its old centralism towards a more devolved approach in which caste divisions are blurred and regional parties have an increasing say. But it is a slow process, and India still needs stability at the centre.

The present United Front coalition is an odd assortment of leftwing parties and reformers whose own prospects have been called into question by corruption scandals. Given that, its achievements have been remarkable. It has asserted the need for more economic reform and promoted vastly better relations with neighbouring countries. Much of the latter could be lost if the nationalist-leaning BJP won a new election. A strong Congress is positive for the political balance.

For the longer term, India must look to challenges other than the rejuvenation of old parties. A new relationship between state governments and the centre requires institutional reform.

In a more federal system the presidency and the judiciary must hold the country together by acting as impartial referees between the states. For that they must acquire new integrity, skills and respect. Mr Kesri has had little to say in these issues. Next month's election of a national president may turn out to be a much more significant poll than the choice of the Congress leader.

Machine mergers

Thyssen's $675m agreed bid for Giddings & Lewis may be a modest move by the standards of many industries, but in the fragmented world of machine tools it is unprecedented. The German group's proposed acquisition of the US's top machine tool company would create the western world's largest manufacturer, leap-frogging Germany's Trumpf. Only Fanuc, Amada and Yamazaki Mazak of Japan would be bigger.

Thyssen's trans-Atlantic leap suggests that the industry could be ripe for a wave of cross-border consolidation. The same forces of globalisation which have driven together the industry's important customers, including motor manufacturers and electrical equipment makers, are bearing down heavily on machine tool companies.

The industry is no stranger to global competition. It is over 20 years since US and western European makers fought to limit Japanese machine tool exports. Today, the world's top 10 exporters include South Korea and Taiwan, with China not far behind.

Over the years, leading makers have built substantial international operations. For example, Cincinnati Millacron, has 15 overseas factories alongside 18 in America. Giddings & Lewis has a UK subsidiary and Thyssen a plant in Detroit.

Bigger companies have swallowed smaller rivals. Minor manufacturers have often sold out in the face of international competition, particularly in mainstream non-specialised products. Sometimes, makers have merged to benefit from the growing standardisation of components across different kinds of machine tools.

But mostly machine tool makers seem to have seen takeovers as a last resort. Giddings & Lewis is itself jumping into Thyssen's arms only to escape a hostile bid from Harnischfeger of the US.

Machine tool companies like to think they are a breed apart, immune to the pressures which drive others to surrender their independence. They argue that successful machine tool companies have often grown around one technology - such as computer numerically controlled (CNC) machines at Fanuc - or one market - such as motors at Thyssen. The best machine makers do well, they claim, by sticking to their lathes.

The industry's history suggests there is some truth in these arguments. Yet, it is difficult to imagine that Thyssen's acquisition will turn out to be unique. Thyssen says the deal combines its financial strength and global market reach with Giddings & Lewis's leading position in the US. It is not difficult to imagine other mergers with similar potential benefits.

UK inflation

The marching orders issued yesterday by Mr Gordon Brown, the UK chancellor, to the Bank of England look tough but sensible.

They complete the arrangements for giving the Bank operational independence. It follows an announcement of the plan on May 6, within days of the general election, and the appointment a month later of four outside experts to the Bank's new monetary policy committee.

Mr Brown's decision to narrow the inflation objective to a single figure from the range favoured by the previous government signals that this is a target that must be hit. Too often in the past the inflation targets have appeared to be more of an aspiration for the future than a precise policy objective.

As Mr Brown recognised in a letter to the Bank's governor yesterday, there has to be some margin for error. He says that if inflation is a percentage point or more above or below the target, the Bank must send him an open letter saying why this has happened and what it intends to do about it.

However, changes to interest rates may not affect economic growth, and hence inflation, for up to two years, during which time many other influences may change the outlook.

The Bank's own inflation projections are expressed only as a series of probabilities. In its May inflation report, for example, it said there was a 10 per cent chance that the rate would be close to 3 per cent in two years' time but a 60 per cent chance that it would be in a range between about 1¾ per cent and 4 per cent.

Against such uncertainties, Mr Brown's rule might appear harsh. It should be seen more as a way of bringing inflation management into the open than as a way of applying stick to the Bank.

Under the new system the Bank will also have a duty to support the government's economic and employment policies "without prejudice" to its inflation target. This proviso and the duty to explain lower than expected inflation are sensibly aimed to prevent the Bank from being over-zealous in raising rates.

In turbulent times, a chancellor might reject the Bank's proposals, emphasise the jobs clause and use the procedure to meddle again in monetary management. But Mr Brown's recent actions must acquit him of such intentions.

His first target, of 2.5 per cent, is above the EU average. However, after a deplorable inflation performance in recent decades, the UK needs a credible objective which will be met. To this end, Mr Brown's emphasis yesterday on the support of prudent fiscal policies is welcome. In his Budget on July 2, he must show that he means it.

The FT Interview · Claude Bébéar

Instincts of a corporate hunter

Andrew Jack and **Andrew Gowers** on the strategy of Axa's chief

Mr Claude Bébéar, chairman of Axa, the giant insurance group, smiles when asked where he is taking his top 250 executives for a week of team-building this month. Leaning forward in the large white chair in his Paris office, he says cryptically: "Nowhere."

Over the previous decade, he has hosted his senior managers in the Nigerian desert to debate the company's direction, on the Orient Express to appreciate the diversity of Europe, and at the Great Wall of China to learn about the growing Asian market.

This year, accompanied for the first time by participants from UAP, the French-based insurer with which he has just orchestrated a huge merger, Mr Bébéar has chosen an ocean-going vessel far offshore as the site for what he calls a "cyber odyssey". He says participants will learn about the importance of new technologies for business, while discussing "the constitution of a common corporate culture".

It is typical of the bold and somewhat unorthodox approach of this French businessman. Since he became chairman in 1982 of Mutuelles Unies, which later became Axa, he has converted an obscure mutual company based in Rouen into one of the world's largest financial groups, with total revenues last year of $63bn and funds under management of $500bn.

Such team-building is also increasingly necessary for a group that has grown as quickly as Axa, largely through acquisition. Mr Bébéar, whose trophy-lined office bears witness to his passion for game hunting, shows little sign so far of indigestion.

In the past, he has successfully sighted such prey as the Equitable of the US, Wing On Life in Hong Kong and National Mutual of Australia. But after the UAP merger, approved last month by shareholders, the Axa chairman implies that he may be temporarily laying down his rifle. "We have achieved our target," he says. "Today, we are really global. We are the most international insurance company in the world."

He says one reason for the group's rapid expansion has been because it has diversified its risks. Only a third of revenues come from France – a proportion he expects to drop to a fifth in the coming decade. "There is no country generating more than 20 per-cent of our profits. Otherwise, if a specific market is in trouble, we would be in trouble."

Equally, he says that international growth has been the best way to meet intensifying competition. "There is consolidation in insurance taking place around the world. Other companies are moving fast. It is the very big ones that will do the business."

By the turn of the century, he wants all his subsidiaries to be using the Axa brand label. Even those with their own well-established identities such as the Equitable of the US will change names. "Customers increasingly want the reassurance of a very powerful global name," he says.

Some analysts have expressed concern about the pace of Axa's expansionism, notably the FFr41bn ($7bn) paid for the merger with UAP, which was owned by the French state until its privatisation in 1987. But Mr Bébéar says he can do more than incumbent managements to improve returns for investors. In the case of UAP, he says: "The company was not really profit-minded and often did things for political reasons rather than looking at the quality of the business. They were in some businesses because of the prestige. It was considered by different governments that when companies were privatised, UAP must have a stake."

Axa has started to impose its mark, selling equity participations and launching a restructuring process which has already persuaded a number of top UAP executives to leave. He admits that there have been some unpleasant surprises, including its inadequate life assurance reserves, the cost of its domestic sales operation and the poor health of its Italian business.

Axa and UAP complemented each other, he says. Shared ideas and economies of scale, such as in reinsurance and purchasing costs, should save the combined group more than FFr2.5bn a year by the start of the next century, he predicts.

More generally, Mr Bébéar rejects suggestions that Axa may be becoming too large and unwieldy to manage as a result of its multiple acquisitions. He says the secret of successful mergers – notably across national boundaries – is not to treat subsidiaries as "colonies". He talks instead about decentralised control, with decisions in just a few sensitive areas made at group-level, including a right of veto on the appointment of top executives.

Even within Europe, Mr Bébéar stresses that, in spite of the European Union directives designed to create a single market for insurance, important differences persist between nations. "Gradually, the rules will become more similar and the laws will be more and more Europe-wide," he says. But "it will take perhaps 20 years."

In France itself, he shrugs with indifference at the prospect that a foreign group might take over the troubled state-owned insurance group GAN and try to challenge Axa's dominant position. "The mutuals are the real rivals here. They are much more aggressive than traditional companies because they do not have the same philosophy."

It is in his country of origin that he is making most waves. The merger with UAP means the combined groups hold some domestic equity participations that are too large for comfort. Last month, for example, it sold FFr2.5bn worth of shares in Banque Nationale de Paris (BNP) and Elf, the petroleum group. "The maximum shareholding you should have in a company if there is another majority shareholder is 10-15 per cent," he says. "We should not invest more than 1 per cent of a subsidiary's assets in a single placement."

He says "there are no no-go areas" protected from potential sales, including Paribas, the French financial institution with which it has an important cross-shareholding. But both Paribas and BNP remain "strategic" investments, he adds quickly.

Ironically, while Axa has hunted down a number of quoted companies, it was itself for a long time shielded from stock market raids because most of its shares were held by a network of mutual insurance companies and by Paribas and were not freely quoted. The combination of the unwinding last year of its cross-shareholding with Generali, the Italian insurer, and the acquisition of UAP has diluted the mutuals' hold to just a quarter of the total capital and a third of the voting rights.

Mr Bébéar believes the mutuals were necessary to protect Axa while it made long-term strategic investments – such as the acquisition of the Equitable to which its shareholders were hostile. But now he says Axa's own FFr120bn market capitalisation provides a sufficient defence from takeover, and that the mutuals' stakes could fall ever further.

An advocate within Axa of a shift towards a four-day working week – accompanied by a proportional reduction in salary – Mr Bébéar says he is already implementing the system for himself. He takes increasing care when filling his diary and delegates many jobs to his colleagues.

That leaves him free to focus on strategy. Having made Axa the world's largest insurance company, his vision is to outstrip AIG of the US, which he admires as the "company of reference" for the sector. His aim is for Axa to take on that mantle itself.

The question is whether a successor to Mr Bébéar will have the ability to achieve this goal in a group that has been so single-handedly moulded. Mr Bébéar says he will probably retire in three years, aged 65. "The people on whom I rely are extremely capable, so I don't see the future as a possible problem." He will not reveal the identity of his successor, although he says that in case of emergency, he has the name of someone in a sealed envelope for his board. In a sign that he continues to play his potential successors off against one another, he adds that he changes the name in the envelope "from time to time".

Mr Bébéar is unlikely to drift passively towards his retirement. He says Axa will be kept busy digesting UAP for the next two years. But then, with a glint in his eye, he begins to reel off regions where he believes the group needs to grow: the UK, the US and Asia among others. "I am sure there will be very good opportunities." The hunter's instinct is far from exhausted.

· OBSERVER ·

ILO eyes Somavia

■ Something of a bandwagon appears to be rolling for Juan Somavia, Chile's ambassador to the United Nations, to be the next head of the International Labour Organisation.

Delegates at the UN agency's annual beanfeast in Geneva say Somavia's driving role in the UN's 1995 Social Summit in Copenhagen impressed developing countries. He'll probably also get the nod from the US, which sees Chile as a useful ally. Trade union representatives will be pleased by Chile's decision this week to dissociate itself from a developing country statement at the conference attacking stronger ILO surveillance of labour standards.

All this might seem a touch premature, as ILO director-general Michel Hansenne isn't due to move on for two years. But there's speculation in Geneva about an earlier "mega-diplomatic deal" involving the heads of several UN agencies. Secretary-general Kofi Annan last night confirmed Irish president Mary Robinson as the new UN human rights commissioner – while former Norwegian premier Gro Harlem Brundtland is tipped for the top job at the World Health Organisation next year. UN logic dictates that non-Europeans should get their share of plum jobs, giving a further boost to Somavia's chances.

Nordic nous

■ Bengt Rydén, the urbane head of the Stockholm stock exchange, is too well-mannered to indulge in gloating. But he could afford a wry smile yesterday as his long-nurtured plans for a pan-Nordic bourse came closer to reality.

The unveiling of a merger of Stockholm's trading system with the Copenhagen bourse was one in the eye for his Nordic neighbours. Rydén has been trying to woo the Helsinki and Oslo bourses into a regional alliance, but they have played hard to get.

They're apparently reluctant to join a system that would be dominated by Sweden, whose exchange is bigger than the other three put together.

Helsinki made interested noises, but broke off the courtship this year. It then plumped for a new Australian-made trading system, scuppering any immediate prospect of a common market between the two. The Norwegians went for a similar system, but aren't completely ruling themselves out of a future alliance.

The merger of the trading systems of Scandinavia's two biggest bourses will make it tough for the others to compete. "We hope other Nordic bourses will join us," was all Rydén would say yesterday. Bringing bourses together does require top-drawer diplomacy.

Dogged leader

■ What would the aristocratic Jawaharlal Nehru make of, Sitaram Kesri, his latest successor as leader of India's Congress party? Cosmopolitan Delhi-ites are sniffy about Kesri's origins in Bihar, a very poor state in the north-west, and criticise his odd behaviour – like disrobing to the waist for photographers and insisting that his four beloved Pomeranian pooches get into the pictures.

But they'd be well advised not to underestimate him. His obsequious manner hides a ruthless streak: ask H.D. Gowda, the former prime minister whose fall he engineered in April. And even critics have grudgingly applauded his manipulation of the party machinery and his carrot-and-stick tactics in winning over the majority of the 8,000-plus Congress members entitled to vote.

Kesri's real power base has been in the backrooms of Congress HQ, most recently pulling the party purse-strings as treasurer, which didn't do his leadership ambitions any harm.

But his party is in a sorry state. Once a formidable political machine regarded as the natural party of government in India, many of its elders are now facing corruption charges.

Hue and cry

■ The recent pink-ish turn in European politics is reflected vividly on the third floor of the Dutch central bank in Amsterdam, scene of next week's EU heads of government summit. The room where Britain's Tony Blair and Lionel Jospin of France's deeper-hued Socialist government will seek a harmonious European future is painted puce, cerise, fuchsia and crushed blueberry. The carpet – baby pink rippled with pale blue – is reminiscent of a half-melted ice-cream.

The conference table is an oval hollow in five colours of stained wood. It comes apart in segments, allowing for all the opt-ins, opt-outs and flexibility one could wish.

A central bank official acknowledged cautiously that the chamber – its staff canteen, tarted up at the behest of The Hague foreign ministry – looked "different from the rest of the building". At least the colour scheme might achieve the most rapid possible agreement, because no-one could bear to look at it for long.

The Financial Times

50 years ago

Disruption In France
The movement in France stimulated by the active National Federation of Small and Medium Enterprises against what are considered excessive State controls of industry and trade has won substantial concessions from the government. A demonstration of 60,000 people in the Velodrome d'Hiver in Paris provided proof of the strength of the federation and of the popular support it enjoys. The strike of Paris shops and smaller factories called and businesses fixed for 4th June by the Federation has been called off because, bowing before the storm, the French Government gave important concessions.

A Gracious Lady Honoured
Princess Elizabeth yesterday became the youngest Freeman of the City of London. The Lord Mayor, Sir Bracewell Smith, said this was "the nation's recognition and the City's acclamation of a very gracious lady." It was an honour which the Princess claimed by "absolute and indefeasible" right of patrimony as the free-born daughter of her Father, the King. She came as a Sister of the Drapers' Company of the City of London. *[The Princess is now Queen Elizabeth II.]*

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FINANCIAL TIMES
Friday June 13 1997

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OECD report says US leads the way

Industrial economies on eight-year high

By Robert Chote, Economics Editor

Economic growth in industrial countries could be stronger this year than at any time since 1989, with only a slight deceleration in prospect during 1998, the Organisation for Economic Co-operation and Development said yesterday.

Growth in the OECD's 29 member countries should average 3 per cent this year, dropping to 2.7 per cent in 1998, the Paris-based thinktank said in its twice-annual Economic Outlook. All 29 countries should see their economies expand this year, most of them sufficiently to eat into spare production capacity.

The strong overall growth picture masks variations from country to country. Among the largest OECD members, the US is expected to enjoy the strongest growth this year at 3.6 per cent. But this should slow to 2 per cent next year because of weaker income growth, tighter monetary conditions and an end to favourable stock changes.

The OECD is assuming in its forecast that US interest rates rise by a further half-point to 6 per cent around the middle of 1997. "In the near term, further monetary tightening, as assumed in the projections, is likely to be necessary to ensure that the economy slows to a more sustainable pace."

But the organisation warned that if wage demands picked up in the US, or the dollar weakened, then "policymakers would have to move more forcefully to keep the inflation rate from moving too far away from the often-stated goal of price stability".

The OECD damned the US budget deal with faint praise, arguing that it was "near the minimum in terms of what would meet the bipartisan commitment to achieve balance in fiscal year 2002". If revenues came in too weak, the report argued, it might be necessary to restructure the plan and make it more ambitious.

Unemployment may edge up a bit in the US next year, but over the OECD area as a whole it should fall by about a million this year and next. Inflation is expected to remain low nearly everywhere in the OECD area, staying under 2 per cent on average.

World trade is expected to rise by about 8 per cent this year and to remain at that rate in 1998. This year's acceleration will result largely from stronger trade flows within the industrial countries although non-OECD trade should also strengthen. Export growth is expected to improve in the US, Japan, France, Germany and some smaller European economies, although import growth will increase more strongly in the US.

Italy and Emu, Page 6

UK wary of closer European defence proposals

By Lionel Barber in Brussels and Robert Peston in London

Britain is heading for a collision with France and Germany at next week's Amsterdam summit over proposals to integrate the European Union and the Western European Union, its fledgling defence arm.

The Dutch presidency last night unveiled a new draft treaty to prepare the EU for enlargement, which proposes closer integration of defence and the ultimate phasing out of border controls.

Britain has threatened to veto the Franco-German defence proposal on the grounds that it would turn the EU into a collective security organisation rivalling Nato.

The new treaty also snubs British demands that closer co-operation among member states – normally referred to as the principle of "flexibility" – should be unanimous.

A British official said the UK was ready to block the merger of the EU and WEU. "There is no way they are going to press ahead with defence integration without the cooperation of the UK," he added.

There are signs, however, that the UK is winning the argument over its demand for a formal declaration in the treaty safeguarding its right to control its borders and its immigration policy.

The text includes a commitment that Ireland and the UK will maintain control over their national frontiers and will not be obliged to sign up to a deal bringing the Schengen accord on frontier-free travel into the EU treaty.

According to the text, decisions on asylum and immigration policy will be subject to unanimity among countries operating in the proposed common area of "freedom, security and justice". Decisions on visa policy will be by majority vote. Freedom of movement within the EU, combined with a strengthened external frontier, is viewed as one of the chief selling points of the "Maastricht Two" treaty.

The prospect of a deal in this area has moved closer as members of the UK government indicate they are ready to allow other members to agree new procedures for decision-making over immigration and asylum policy, so long as UK autonomy is not threatened.

On flexibility, the UK had been arguing that groups of EU members should only be able to press ahead with separate plans for integration if such moves were "open to all, agreed by all". Instead, the text has "open to all, agreed by a majority".

France at sea, Page 2

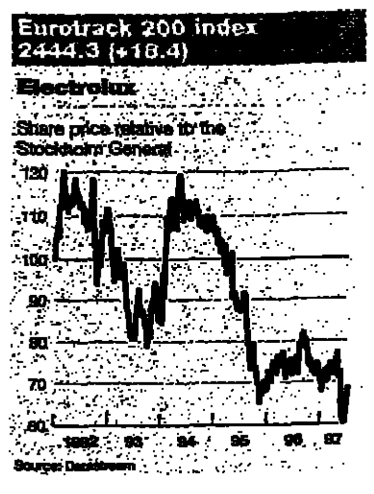
THE LEX COLUMN

Electrolux shrinks

There was a lull in Electrolux's miserable share performance when Mr Michael Treschow was appointed chief executive in January, reflecting hopes that he would get his hands dirty and squeeze costs. Supporters of the former Atlas Copco boss will not be disappointed. After a month at the Swedish white goods manufacturer, he has revealed plans to cut 11 per cent of the group's workforce and shut 17 per cent of its production plants. This will cost SKr2.5bn, and the savings are not revealed. But if the redundant staff were paid the group average of SKr250,000 ($32,100) annual savings would easily exceed the one-off cost.

All this is a jot embarrassing for Mr Treschow's predecessor, Mr Leif Johansson, now at Volvo. He set targets of 6.5 to 7 per cent operating margins, and bowed out with a figure of 4 per cent. And while the group had an ongoing cost rationalisation programme – some of which is probably in the new plan – Mr Treschow has found lots of fat. His two-year redundancy programme should single-handedly get Electrolux to its age-old performance goals.

This does not mean Electrolux's problems are over. It has a number of troubled businesses, particularly in commercial appliances. It is operating in European markets where volumes are flat and prices falling. And its main competitors are also stripping out costs. Share prices inevitably react well to genuine restructuring stories, but investors should not lose sight of the longer-term horizon.



Sommer Allibert

The clash between Armstrong and Sommer Allibert, two global flooring giants, is becoming increasingly bitter. Having first rejected Armstrong's offer for its overall flooring business, Sommer has now refused to consider Armstrong's bid for Domco, its 69 per cent owned North American subsidiary. Armstrong has turned to the courts, and the invective is flying.

Is Armstrong simply a bad loser, scared at the prospect of facing tougher competition in its home market? Or is it a crusader for shareholder rights, twice thwarted by haughty French capitalists? There is some substance in both claims, though Armstrong looks a more plausible shareholder guardian. It may be that Sommer's decision to pursue a growth strategy in flooring, with its new partner Tarkett, will bear fruit. But the clumsy structure it is lumbered with looks like an obstacle to a decent rating. And shareholders are entitled to wonder why the flooring business was sold into the new merged business with Tarkett at just 9.6 times last year's net profits.

Still, the real losers in all this look to be Domco minority shareholders. Sommer-Tarkett and Domco are competitors in some markets; there are no prizes for guessing which would prevail in the event of a clash. Moreover, Domco shareholders are being told they should prefer being part of the wider Sommer-Tarkett group to the 56 per cent bid premium Armstrong offered for their shares. It is very difficult to see why.

UK yield curve

UK investors are in an uncommonly optimistic frame of mind. The premium they are demanding for holding medium-term government bonds has sunk to its lowest level in many years. The result is an extremely flat yield curve, with the spread between three-month interest rates and the yield on 10-year gilts down to 30 basis points.

Much of this can be laid at the door of the newly independent Bank of England: short-term rates have risen faster than they probably would have with a politician's hand on the tiller, while long-term yields have fallen in anticipation of a better inflation record.

Is further shrinkage in store? It is certainly possible. Short rates are likely to rise another 25-50 basis points this year, and gilt yields will not necessarily follow suit. The decisive issue will be whether the chancellor transfers his monetary boldness into the fiscal arena. If he fails to tighten fiscal policy in the Budget next month, the gilt market will be disappointed. But if he raises taxes, especially if increases are aimed at consumers, who are fuelling the mini-boom, he may well be rewarded with falling gilt yields.

More likely, though, is that yields will stabilise around recent levels. Investors will demand some assurance that the government's new inflation target does not mean a softer touch. Rising global growth also points towards higher rates, a pattern gilts may find difficult to shake off.

Energy Group

Energy Group's newer shareholders may be pleased at the prospect of a quick sale of the group for £5.1bn ($8.31bn), including debt. But Hanson shareholders, who funded the creation of this motley utility and received shares in the demerged group, appear to have little to crow about. Eastern Group, Energy's electricity division, undoubtedly benefited from its brief life under Hanson and its push into power generation. But joining it with Peabody Coal never added value, and the threat of a Labour government windfall tax certainly destroyed it.

The cost of Eastern Group to Hanson was £2.8bn including debt. And the proceeds of the National Grid share sale were almost balanced by the upfront costs on power station purchases funded before demerger.

But then there is Peabody. The coal businesses, with related debt, cost Hanson around £1.3bn. But there was a mountain of provisions that followed, and these would have had an estimated negative net present value of some £1bn. Subtract the additional debt that Hanson gave Energy from the £5.1bn total sale price and you end up with a negative return for Hanson's shareholders of close to £1bn.

Of course, Hanson extracted cash from the businesses while they were under its ownership, which would push the returns more in its favour. But this deal underlines one fact: the old conglomerate strategy of buying companies on lower price/earnings multiples may increase earnings per share but it does not create value.

Additional Lex comment on Ionica, Page 22

Thyssen's offer of $675m tops hostile bid

Continued from Page 1

company, which will continue to run the North American business, and for the Giddings & Lewis brand name. Mr Isles added, though, that the company's operations, including manufacturing plants in Germany and the UK, would be integrated into Thyssen.

Though Giddings last year reported a loss, analysts said Thyssen had not paid an excessive premium and that the deal made strategic sense given the difficulty of expanding organically in a sector where customers and suppliers have close business relationships.

The board of Giddings, which is based in Fond du Lac, Wisconsin, recommended acceptance of the Thyssen bid which, it argued, offered shareholders "exceptional value". To fend off any move by Harnischfeger to increase its offer, Giddings & Lewis has agreed to pay Thyssen a $20m fee and up to $3m in expenses if the takeover is terminated as a result of "another acquisition transaction". The deal is subject to regulatory approval.

Thyssen was advised by Morgan Stanley and Giddings & Lewis by Credit Suisse First Boston. For the year to September 1996, Thyssen reported a 36 per cent fall in pre-tax profits to DM654m.

Default shakes faith in Vietnam

By Jeremy Grant in Hanoi

Vietnam's debt problems have spread to its flagship bank, raising questions over the country's ability to honour its financial commitments.

The concerns come weeks before Hanoi is due to finalise an agreement with its commercial bank creditors on restructuring its arrears.

Vietcombank, the largest state-owned bank, has refused to pay scores of foreign banks money owed under letters of credit taken out by two companies based in Ho Chi Minh City, formerly Saigon.

It is understood to have been instructed by the finance ministry not to make the payments on the grounds that Vietnamese banking laws take precedence over international conventions signed by Hanoi.

The case has shaken bankers, already unsettled by a string of letter-of-credit defaults at small, semi-private banks. They had received clear statements from the government that if any state-owned banks ran into similar trouble, Hanoi would step in. "But now, exactly the opposite is happening," said one European banker.

Vietcombank is considered a quasi-sovereign risk as creditworthy as the government itself. It is also the nominal holder of $750m in commercial arrears owed to the group of commercial bank creditors known as the London Club. The bank and its creditors are due to finalise a "Brady-style" settlement of its debts shortly, in which new bonds, backed by US Treasury bonds, would be issued to cover the outstanding arrears.

"We're talking about reputation here," said Mr David Hutcheson, Vietnam chief executive for Hongkong Bank. "If they're going to come to the market internationally, people are going to look at how these leading institutions are behaving." Analysts suggested the problems raised doubts about Vietnam's ability to issue a successful debut eurobond, as planned, later this year.

Vietcombank has told the foreign banks that it cannot pay because its creditors are in jail. Officials at the two scandal-hit companies, Minh Phung and Epco, have been arrested as part a $350m alleged fraud. One was found dead on the roof of a Ho Chi Minh City bank.

Foreign banks affected include European banks which have extended substantial credits to the country's four state-owned banks.

However, Vietcombank's refusal violates rules which say banks must pay creditor banks, regardless of the condition of their own clients. The fact that Vietcombank has acted under instructions from the finance ministry has added to bankers' concern. They say it points to nervousness in the communist party over Vietnam's fragile foreign exchange reserve position.

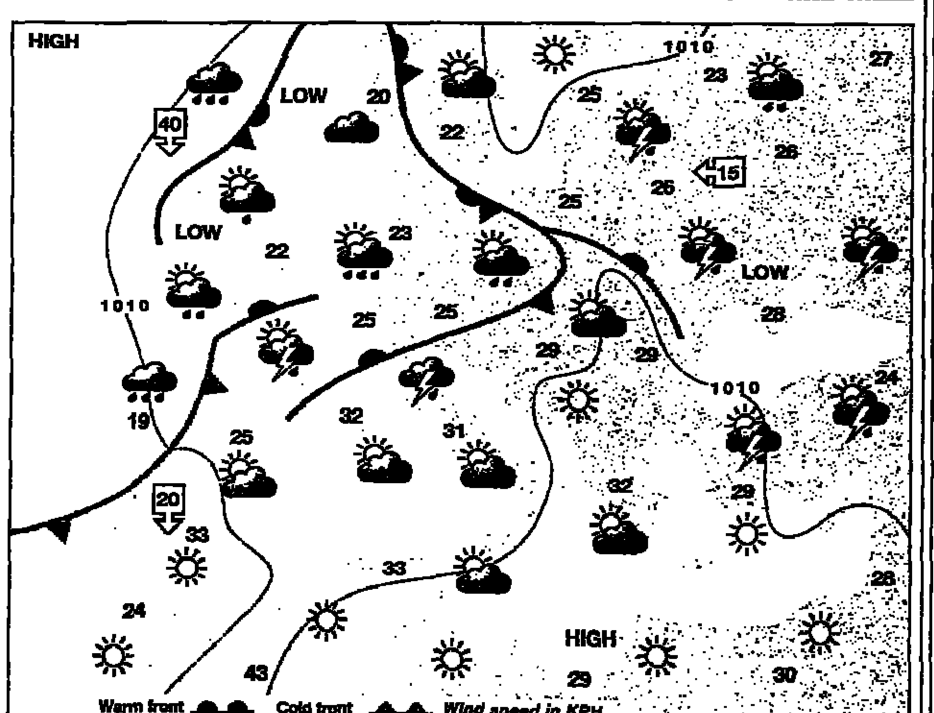
FT WEATHER GUIDE

Europe today

Warm air over the continent is being pushed eastwards as cooler air spreads inland. Where these air masses meet –in Germany and eastern France – heavy showers and thunderstorms will develop.
Temperatures in the cooler air will range from 17C in Great Britain, where it will be cloudy, to 25C in France.
In the areas of warm air, temperatures will rise to between 30C and 35C.
Northern Africa will have a heatwave, with temperatures exceeding 40C.
The Black Sea will still have thunder showers, although they will not be as severe as the past few days.

Five-day forecast

As cooler air spreads across the continent, several fronts will bring a lot of cloud and rain over north-western Europe.
Only the Mediterranean will have sunshine, and temperatures will remain above 25C.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	sun 30	Caracas	sun 33	Faro	fair 24	Madrid	fair 28	Rangoon	shower 29
	Celsius	Belfast	shower 19	Cardiff	cloudy 19	Frankfurt	fair 26	Majorca	fair 29	Reykjavik	sun 12
Abu Dhabi	sun 40	Belgrade	sun 30	Casablanca	sun 23	Geneva	thund 27	Malta	fair 33	Rio	fair 25
Accra	fair 29	Berlin	shower 26	Chicago	shower 26	Gibraltar	sun 28	Manchester	cloudy 19	Rome	fair 31
Algiers	fair 33	Bermuda	fair 25	Cologne	shower 24	Glasgow	shower 19	Manila	fair 34	S. Frsco	sun 22
Amsterdam	shower 22	Bogota	cloudy 19	Dakar	sun 28	Hamburg	shower 24	Melbourne	rain 15	Seoul	sun 29
Athens	sun 28	Bombay	fair 34	Dallas	thund 35	Helsinki	fair 27	Mexico City	fair 28	Singapore	cloudy 32
Atlanta	cloudy 33	Brussels	shower 23	Delhi	sun 39	Hong Kong	rain 29	Miami	thund 32	Stockholm	fair 25
B. Aires	shower 18	Budapest	fair 28	Dubai	sun 40	Honolulu	fair 31	Milan	thund 27	Strasbourg	thund 27
B.ham	drzzl 20	C.hagen	fair 21	Dublin	shower 19	Istanbul	fair 25	Montreal	shower 22	Sydney	cloudy 19
Bangkok	thund 37	Cairo	sun 31	Dubrovnik	fair 29	Jakarta	fair 32	Moscow	cloudy 25	Tangier	sun 25
Barcelona	fair 26	Cape Town	fair 19	Edinburgh	rain 18	Jersey	shower 16	Munich	fair 30	Tel Aviv	fair 28
						Karachi	sun 35	Nairobi	fair 26	Tokyo	fair 23
						Kuwait	sun 43	Naples	fair 31	Toronto	fair 23
						L. Angeles	fair 23	Nassau	thund 29	Vancouver	cloudy 21
						Las Palmas	fair 27	New York	thund 30	Venice	cloudy 25
						Lima	fair 26	Nice	cloudy 28	Vienna	shower 26
						Lisbon	cloudy 22	Nicosia	sun 28	Warsaw	cloudy 25
						London	shower 22	Oslo	cloudy 24	Washington	thund 31
						Lux.bourg	shower 23	Paris	shower 24	Wellington	fair 12
						Lyon	thund 29	Perth	fair 18	Winnipeg	sun 21
						Madeira	fair 23	Prague	thund 25	Zurich	fair 28

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COMPANIES & MARKETS
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International Asset Consultants
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IN BRIEF

Miller ordered to dissolve venture

Miller Brewing of the US and Brahma of Brazil, the world's third and fifth-biggest breweries, have been ordered to dissolve a joint venture formed in 1995 to market Miller's Genuine Draft beer in Brazil. The ruling was made by Cade, Brazil's competition watchdog. Page 19

Ahold buoyed by Stop & Shop takeover
Ahold, the Netherlands' biggest supermarket group, lifted net profits 69.4 per cent to Fl 234.4m ($121.5m) in the first period, with the bulk of the gain stemming from its $1.8bn takeover of the Stop & Shop chain in the US. Page 21

UCI to open cinemas in Germany
United Cinemas International, the cinema chain owned by Viacom and Seagram, the North American entertainment groups, plans to open 18 multiplex cinemas in Germany and Austria over the next two years. Page 21

Nomura to publish AGM on the internet
Nomura, Japan's largest securities company, will publish the results of its AGM later this month on the internet. The secretive conduct of Nomura's annual meetings has been at the heart of the recent scandal at the group. Page 20

Venezuela approves $3.5bn oil venture
The Venezuelan congress has approved a $3.5bn joint venture between ARCO, Phillips Petroleum, Texaco and the state-owned Corpoven to develop a heavy crude oil field. Page 19

European car market 'over-regulated'
Mr François Michelin, head of Michelin, Europe's biggest tyre maker, said excessive regulation was responsible for the European car market's lack of vitality. Page 18

Intuit pays $40m for 19% of Excite
Intuit, publisher of Quicken, the world's leading personal finance software program, has agreed to pay $40m for a 19 per cent stake in Excite, an internet search company. Page 19

Companies in this issue

Market Statistics

http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Degussa	93.10	+	5.70
Herlitz	187	+	5
Ind Werke	485	+	14
Metro AG	197.70	+	4.20
Wella	1238	+	43
Falls			
Altana	1700	–	85
NEW YORK ($)			
Rises			
Champion Intl	52½	+	3⅛
Countrywide Cd	29⅛	+	2
Polo Ralph L	31¼	+	5¼
Falls			
Bose Casc	17	–	1½
Cardinal Hlth	55..	–	3⅞
China East Air	24⅛	–	2¼
LONDON (Pence)			
Rises			
Appleyard	90	+	19
Grand Whatley	98½	+	13½
Plant & Genl	77½	+	5
Tex Hldgs	134½	+	30
Falls			
CPL Aromas	95	–	5
JLI Group	55½	–	7
TORONTO (C$)			
Rises			
CDN Gen Inv	15.00	+	0.95
Milkyway Netwk	3.80	+	0.50
PLD Telekom	7.50	+	0.65
Falls			
Band Ore	3.40	–	0.50
Memotec Comm	5.15	–	0.70
Wescam	3.35	–	0.55

PARIS (FFr)			
Rises			
AGF	181.40	+	5.10
Accor	904	+	34
Casino	285	+	10.70
Danone	977	+	17
Paribas A	377	+	11.50
Falls			
Seb A	1060	–	25
TOKYO (Yen)			
Rises			
Green Cross	500	+	38
KDD	7900	+	270
Nisshin Oil	701	+	34
Tokyo Elecn	5650	+	130
Yuasa	436	+	29
Falls			
CSK	4010	–	110
HONG KONG (HK$)			
Rises			
TVB	33.80	+	0.10
Falls			
Amoy Props	7.75	–	0.25
Bk of E Asia	28	–	1.15
Cosco Pac	10.80	–	0.80
Henderson Inv	8.20	–	0.30
Wheelock	17.05	–	1.30
BANGKOK (Baht)			
Rises			
Nakon Muttemo	40.50	+	3.50
Phoenix Pulp	22.25	+	2.00
Sym Mun Kong	113.00	+	10.00
Falls			
Bangui	254.00	–	28.00
Castle Peak	107.00	–	11.00
Central Pat	40.50	–	4.50

New York & Toronto prices at 12.30

Polo gallops ahead on Wall Street

Ralph Lauren group 20% over listing price

By Jane Martinson in New York

Shares in Polo Ralph Lauren surged ahead yesterday as enthusiasm for the US fashion group promised to make it one of this year's most successful new issues on Wall Street.

Keen demand pushed the opening share price 25 per cent above the $26 listing price, which was already up on expectations. At lunchtime, the shares were up $5¼, or 20 per cent, at $31¼ – valuing the group at more than $3bn.

The stake retained by Ralph Lauren, the Brooklyn-born designer, is worth some $1.42bn. Mr Lauren, who will retain control of the company, will realise $465.4m from the sale of some 17.9m shares in the initial public offering.

Mr Lauren, who started the company in 1967 with a range of ties, will also take the lion's share of a $43m special dividend to be paid to him and Goldman Sachs, the investment bank which retains a 23 per cent stake in the company.

As part of a new employment contract, Mr Lauren will earn a $1m basic salary with an annual bonus of between $2m and $5m if the company meets earnings targets.

The success of the deal has provided a fillip to an initial public offering market, which has been lacklustre over the past few months. It is also expected to encourage other fashion and luxury goods groups to go public.

Goldman Sachs, lead underwriters, were keen to play down the group's connection to the fickle fashion world. Mr Tom Puft, Goldman Sachs, managing director, said the success of the offering was "very much part of the phenomenon of the flight to quality" which has characterised the new issue market in 1997.

Several US fashion groups which have gone public over the past year have performed badly. Donna Karan, which opened at a strong premium, is now trading at well below its offer price. The Ralph Lauren shares, at the offer price of $26, were trading at a forward multiple of 24.5 times, based on market forecasts for net income of $104m in the year to March 1998. This puts the group – which sells clothing, home furnishings, accessories and fragrances – on a higher market rating than less established clothing groups such as Tommy Hilfiger, but below that of Estée Lauder, the cosmetics giant. A total of $767m was raised from the offering of 29.5m shares. Out of this, the company will receive net proceeds of $230.9m, which it will use mainly to repay debt.

Ralph Lauren (centre) with wife Ricky and Richard Grasso, NYSE chief executive Picture: Reuter

Gazprom looks to Europe in drive to find up to $3bn

By Robert Corzine in London and Chrystia Freeland and John Thornhill in Moscow

Dresdner Kleinwort Benson and Credit Lyonnais are expected to announce today that they have won a mandate to raise $2bn-$3bn for Gazprom, Russia's politically embattled natural gas monopoly.

The announcement will add further confusion to Gazprom's latest capital-raising exercise, which has been marked by fierce competition between some of the west's biggest investment banks. It also coincides with news that other big international banks, including Deutsche Bank, are angling for Gazprom business.

Two weeks ago, Gazprom, whose management is locked in a struggle with government reformers over who will control Russia's biggest company, awarded a similar mandate to Goldman Sachs of the US and the Dutch bank ABN Amro.

Technical problems last week forced the two banks to suspend a proposed $1bn syndicated loan to help Gazprom pay back taxes. Yesterday they said they were still working on an array of capital-raising projects for Gazprom including a loan, a eurobond, and a convertible issue which would all be about $1bn in size.

The technical problems would be resolved in "a short time". The proposal put forward by DKB and Credit Lyonnais is thought to be secured by Gazprom supply contracts with a big western European gas buyer. Credit Lyonnais' involvement in the deal suggests they may be with Gaz de France, the state gas monopoly. The latest mandate was thought to have been signed last Saturday.

It is not clear whether any of the funds to be raised by DKB and Credit Lyonnais would be available to pay Gazprom's back taxes. The company this week missed the original deadline for payment.

Kremlin officials say it must now pay up by June 20 or face "the most serious consequences". The timing is dangerous for Gazprom's Soviet-era managers because its annual general meeting, scheduled for June 28, could turn into a humiliating showdown with the Kremlin if the taxes have not been paid.

Mr Aleksei Kudrin, deputy minister of finance, said that after making a partial payment by June 10 Mr Rem Vyakhirev, the Gazprom chairman, asked for – and received – a 10-day reprieve from Mr Anatoly Chubais, first deputy prime minister.

"We have absolute confidence that they will pay the full amount by June 20," said Mr Kudrin. "I do not rule out that they will borrow money to do so."

Johnson Matthey in Japan deal

UK group's shares rise after licensing breakthrough with Kyocera

By Tim Burt in London

Shares in Johnson Matthey yesterday rose 61½p to 523p after the UK precious metals and engineering group announced a breakthrough licensing agreement with Kyocera, the Japanese manufacturer of microprocessor components.

The deal could lead to a strategic alliance among two of the world's main suppliers to the semiconductor industry.

Johnson Matthey said the licensing agreement, under discussion for more than a year, would give both companies a leading position in plastic packaging technology – the latest mechanism for attaching chips to the printed circuit boards used in computers.

Mr David Davies, Johnson Matthey chairman, said: "This brings two powerful companies together and represents the first step towards a possible alliance."

Under the agreement, Johnson Matthey will have the right to use Kyocera's "flip chip" technology, which should enable customers such as Intel to use smaller, more powerful microprocessing chips in its computers.

Kyocera, in turn, will license the UK group's latest plastic laminate technology, which is said to be more efficient than the existing ceramic components used in microprocessors.

Most industry analysts welcomed the deal and predicted that it would help the two companies win future orders from international computer manufacturers.

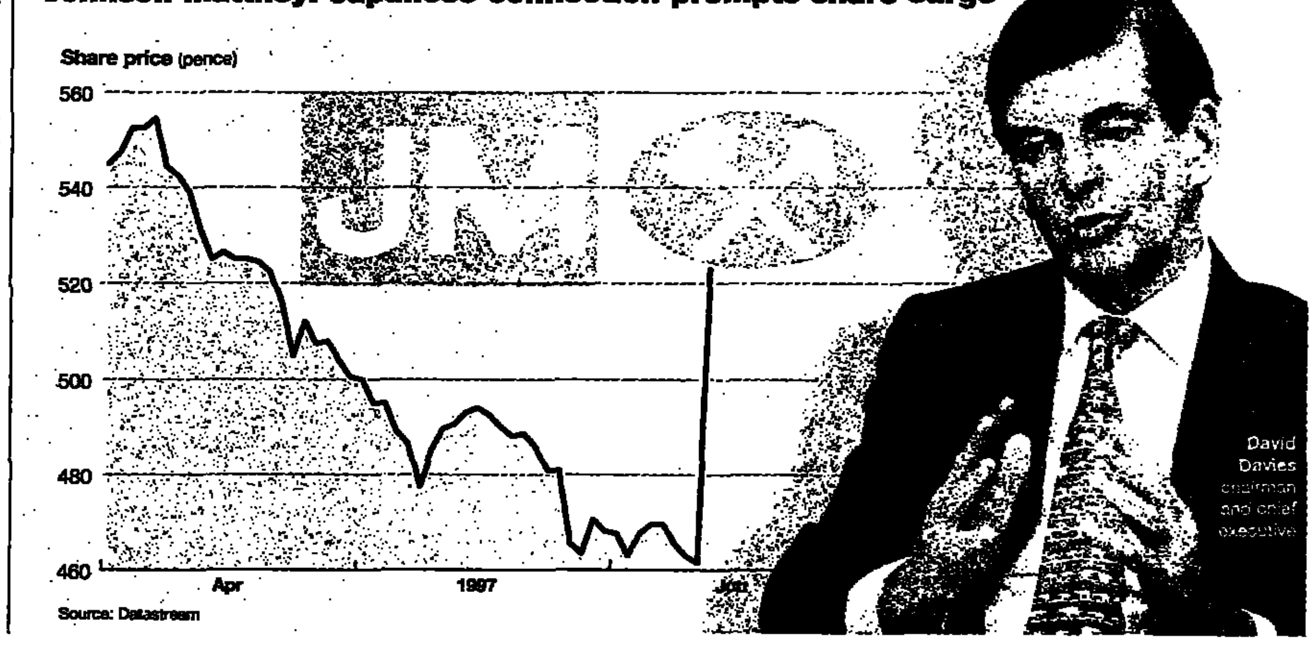
"This link with the Japanese is very important," said Mr Colin Fell of Dresdner Kleinwort Benson. "Such partnerships are essential if they are to remain at the forefront of the next development in computer technology." Neither Johnson Matthey nor Kyocera, based in Kyoto, would disclose financial details of the tie-up.

The UK group announced the deal after reporting a 6 per cent increase in its full-year profits.

Pre-tax profits rose from £102.2m ($167m) to £108.3m, even though weak precious metal prices reduced sales from £2.53bn to £2.42bn.

The improvement was helped by a strong performance at Johnson Matthey's electronic materials division, where profits rose 21 per cent to £30.9m.

Johnson Matthey: Japanese connection prompts share surge



French set to take control of London United buses

By Andrew Jack in Paris and Charis Gresser in London

A company owned by the French state is poised to take control of one of London's bus companies, London United, in what would be the first foray by a continental player into the UK bus market.

Executives from Transdev, a subsidiary of the Caisse des Dépôts et Consignations, are understood to be close to finalising terms for the deal. The price is believed to be some £50m, ($81.50m) or roughly equivalent to London United's annual turnover.

London United operates on 40 routes in south-west and central London. It is the last privately owned bus company in London and has a near 10 per cent market share.

Its smaller rivals, MTL and Metroline have recently announced plans to float, and the rest of the London bus market has been snapped up by the main UK transport groups, such as Stagecoach, Go-Ahead and Cowie.

The arrival of the French on London's bus lanes marks a further step in the integration of European transport companies. Stagecoach last year bought Swebus, the largest bus operator in Scandinavia. A number of French companies, including Compagnie Generale des Eaux, have invested in UK rail companies.

The Caisse des Dépôts is an institution controlled by the French state with a wide range of activities from large-scale interventions on the financial markets to low-income housing loans. It has a subsidiary called C3D, which has an extensive portfolio of industrial investments including Transdev.

Transdev, which reported a consolidated turnover of FFr1.2bn ($20m) last year, operates about 60 bus networks across France, including those in Nantes, Toulouse, St Etienne and Montpellier. It also operates the new tramway in Strasbourg.

The company has begun to expand in other countries, notably in Spain and Portugal, as well as projects in the UK including a tramway in Nottingham which is under discussion.

London United is being advised by Ernst & Young, the accountancy and consultancy firm. London United's investors include HSBC, 3i and Singer & Friedlander. HSBC declined to comment.

HK index to track 'red chips'

By Louise Lucas in Hong Kong

Red chips, the Chinese mainland-backed companies that have attracted a large investor following in the final months of British rule in Hong Kong, will be tracked by their own index from Monday.

The move comes as the chips, which now make up between 10 and 15 per cent of the Hong Kong stock market, have begun to fall from favour amid concerns that Beijing is cracking down on liquidity in its domestic markets.

Yesterday, once sought-after red chips such as Beijing Enterprises – which saw its share price more than treble last month after its initial public offering was a record 1,276 times oversubscribed – fell sharply on the stock market. Yesterday, the Hang Seng Index plunged 3.45 per cent to 13,924.34.

Shares in Beijing Enterprises, the investment arm of the Beijing municipal government, fell 9 per cent to HK$41.70 (US$5.38) while those in Shanghai Industrial, the port city's investment arm which listed a year ago, fell 5 per cent to HK$39.80.

Red chips have often followed their Hong Kong debut with a purchase of assets from the mainland parent, usually on preferable terms. Beijing's leaders are concerned that mainland assets are, in effect, being sold off cheaply to foreigners, and measures to control the activities of red chips are expected to come into effect later this month.

Red chips have seen their prices soar in recent months, and are trading on prospective price/earnings multiples of about 40 times and higher, compared with the 14 times multiple on the main Hong Kong index.

There have been several attempts to rein in galloping prices on China's domestic markets, both those catering for locals and for foreigners, with only limited success.

The new index will be operated by HSI Services, which compiles and organises Hong Kong's benchmark Hang Seng Index.

This announcement appears as a matter of record only and is neither an offer to sell nor a solicitation to buy any security.

June 12, 1997

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Agents warn that plan to offer non-life products through 17,000 branches could threaten jobs

French post office in insurance move

By Andrew Jack in Paris

The French insurance industry reacted angrily yesterday to plans by the country's post office to begin selling non-life insurance policies throughout its 17,000 branches, in association with a private-sector insurer.

FNSAGA, the national federation of general insurance agents – the self-employed sales representatives for the country's commercial insurance companies – met in emergency session and warned that the move could jeopardise the livelihoods of its 50,000 members.

Other commercial insurers were also irritated by the move, following their long-standing campaign against the post office, which they claim distorts competition by diversifying into the sale of financial services while remaining exempt from taxes and other obligations imposed on its rivals.

The furore was provoked by the news that talks are under way between the post office and several insurers, including Assurances Générales de France, privatised last year, which could lead to the sale of non-life insurance products in 1998.

The action comes after an informal accord expired at the end of last year, under which the post office had agreed with commercial insurers it would not sell non-life insurance products.

The post office already sells life assurance in conjunction with CNP, the state-owned insurer, and also had a one-year contract for life assurance with AGF in 1995 which generated FFr3.9bn of business.

The conflict could prove embarrassing for France's new Socialist government, which is committed to maintaining the country's public services, but would be loath to take action that might lead to the loss of jobs in other sectors.

It could also lead to tensions within the influential FFSA, the French association of insurance companies, which includes both mutuals and commercial insurers, and to which AGF is affiliated.

A similar rupture took place within the French banking sector three years ago when Mr Jean Peyrelevade, the chairman of the state-owned Crédit Lyonnais, resigned from the Association of French Banks after a FFr50bn ($8.62bn) government rescue package was criticised by rival private sector bankers in the organisation as a distortion of competition.

The post office argues that to meet the costs of maintaining its expensive branch network, it needs to diversify into financial services and to benefit from lower local business rates. Its argument was upheld in a recent judgment by the European Court – against which the FFSA is appealing.

There has been a revolution in the distribution channels for French insurance over the last few years, with a number of providers linking with banks to sell both life and non-life products.

Cairo privatises textiles group

By Mark Huband in Cairo

The Egyptian government yesterday fully privatised El-Nasr Clothing and Textile Company (Kabo) – the first such sale in a strategic industry.

The issue of shares in the Alexandria-based company was oversubscribed, with 1.9m shares being sold at E£102 each.

The sell-off is only the second this year and brings to five the number of companies in which a majority of government shares have now been sold.

"What the government is trying to stress here is that it's committed to privatisation," said Mr Ahmed El Helw, of Intercapital Securities, which handled the sale of 1.1m of the 1.9m Kabo shares, many of them to a consortium which plans to restructure the company.

Kabo saw a 28 per cent fall in earnings and a 17 per cent drop in revenues in 1996, which it blamed on a recession in the sector and reduced purchases by public-sector department stores.

The sale came as the government announced new figures for the number of companies it intends to privatise by the end of the year. Mr Atef Obeid, minister for public enterprise, said this week that 88 companies would be partially sold off by the end of June, and 108 by the end of the year, one fewer than the target he announced in January.

However, he did not say what proportion of the government's stake would actually be offered.

Cairo financiers believe the government is missing opportunities to attract core investors by remaining the largest single shareholder in many of the companies it offers on the stock exchange.

François Michelin: regulation in the European car market 'imposes itself brutally' and raises the cost of vehicles

Michelin criticises excessive regulation

By David Owen in Clermont-Ferrand

Mr François Michelin, head of Michelin, Europe's biggest tyremaker, yesterday hit out at the "hyper-regulation" of the European car market.

He used his traditional annual address to the tyre group's shareholders to argue that excessive regulation was responsible for the market's current lack of vitality. It "imposes itself brutally" and raises the cost of vehicles without the purchasing power of consumers rising correspondingly, he said.

The difficult market conditions did not prevent the group reporting a marginal improvement in annual net attributable profits in 1996 from FFr2.8bn the year before to FFr2.89bn ($498.4m), in spite of FFr845m in exceptional losses. It also strengthened its financial position, with gearing falling to 131 per cent at end-December 1996 – still high, but down from more than 200 per cent a year earlier.

The tyremaker, whose roots are sunk deep into the French town of Clermont-Ferrand, is one of the few big French companies not to be based in Paris. The annual remarks of its softly-spoken chief, delivered this year in a typically unostentatious room at Clermont-Ferrand airport, are always keenly awaited by shareholders and analysts.

In exchanges with some of the 350-400 shareholders present, Mr Michelin, 70, flanked by his son Edouard, his designated successor, expressed concern at some proposals of France's new Socialist-led government, notably the idea of moving from a 39-hour to a 35-hour working week without corresponding loss of pay.

Clearly in good humour, he often exchanged jokes with his questioners, including one man who had not attended last year's meeting "because it was too hot", in a friendly atmosphere more typical of a small local company than a large multinational that is a leader in its field.

But he was as discreet as ever about the company's future plans. "Will you sell the rest of the group's Peugeot-Citroën shares?" he was asked at one point. "Who knows?" he replied, smiling broadly.

The company continues to benefit from lower prices for natural rubber, one of its main raw materials. It said rubber prices were down 6 per cent in the year to date, after falling 12 per cent on average last year. However, it also acknowledged some pricing pressures on its own products.

Exceptionally, yesterday's meeting did not take place on a Friday: that would have meant holding it on Friday the 13th.

Thyssen and Giddings break mould

The machine sector's biggest deal to date has global logic, but also critics, says Peter Marsh

The global logic that has shaped many of the world's other big manufacturing sectors may at last be having an impact on the world of machine tools. That is one interpretation of yesterday's agreed takeover by Germany's Thyssen of Giddings & Lewis of the US.

It is the sector's biggest acquisition to date and the first time a large German supplier of machine tools and related manufacturing systems has bought a large US participant in the same industry.

It indicates that both Thyssen and Giddings see the potential of pooling their people and technologies to meet the needs of large customers, particularly in global industries such as cars, industrial equipment and domestic appliances, which want the same service from machinery suppliers in all their plants.

Such logic goes against much of the established dynamic of the $40bn a year machine tools business. It is one of the most highly fragmented manufacturing sectors, with hundreds of companies jostling for position in dozens of specialised niches.

While the biggest companies have international sales and production operations, most have resisted the temptation to increase global reach and market share through acquisitions.

The lack of grand plans in the industry is also tied up with the commercial pressures many leading companies have faced in the light of increasing international competition, and the poor economic climate in much of the industrialised world during the 1990s.

The small amount of consolidation that has taken place in the industry in recent years has mainly been of companies taking over weaker competitors for tiny sums, or of suppliers pooling their resources from a position of fragility rather than strength.

Examples of these trends in recent years included Western Atlas, the second biggest US machine tool maker, taking management control of Honsberg, a struggling German transfer line maker, and the takeover last year by Index, a leading German machine tool maker, of Traub, a lossmaking company from the same country. Deckel and Maho – two of the biggest German companies – pooled their operations in 1993 only for the combined operation to go bankrupt a year later.

Yesterday's announcement is a sign that leading companies in the industry may be thinking on a more expansive scale. The combined operations of the two companies in machining systems will be more than $1bn a year, making the Thyssen-Giddings grouping the fourth biggest supplier in this sector after Fanuc, Amada and Yamazaki Mazak, all of Japan.

Giddings yesterday described the combination as a "quantum leap", giving the two parts of the joint operation the chance to exploit new process ideas and customer lists on a global scale.

But other observers were not so sure, pointing out that historically the most successful machine tool companies have been specialised, independent-minded businesses, not conglomerates.

"Based on what's happened in the past I'd say it's going to be tough for these two companies to succeed," said Mr Anderson Ashburn, an international authority on machine tools who is editor emiritus of the US publication American Machinist.

EUROPEAN NEWS DIGEST

Privatisation funds quoted in Warsaw

Poland's mass privatisation scheme came to fruition yesterday when 15 National Investment Funds were quoted on the Warsaw Stock Exchange. The move raised the capitalisation of the bourse from $10.5bn to $12bn. The scheme was set in motion almost two years ago, when 510 state-owned companies were handed to the 15 funds, which are run by local and foreign owned management companies.

Yesterday's new listings generated 34.5m zlotys ($10.7m) of fresh share trading activity, compared with 126m zlotys in existing WSE stocks. Trading in NIF vouchers, which entitle holders to a share in each of the 15 funds, was worth an additional 29.8m zlotys. The vouchers themselves were priced at 150 zlotys each, while the sum of the 15 NIF fund prices quoted yesterday on the exchange reached 159.95 zlotys.

All adult Poles were entitled to buy one voucher each at a nominal price of 20 zlotys. By yesterday, 14.4m people of the 26m who did so had sold their vouchers.

Christopher Bobinski, Warsaw

Polish miner plans expansion

KGHM Polska Miedz, the Polish copper ore mining and smelting company, is considering investments in India, Africa and China to follow the acquisition of a concession to mine cobalt and copper ore in Kimpe in southern Zaire, signed last January. KGHM says it will be spending $800m by the end of 2001 on investments designed to increase output and to cut costs. It is also negotiating the terms of a $200m loan with a consortium of banks.

Last year the company reported net profit of 147m zlotys as a sharp fall in world copper prices hit the results, which had reached 482m zlotys in 1995. KGHM is predicting a 286m zlotys net profit for this year. First-quarter profits have already reached 116m zlotys.

Christopher Bobinski

Slovenia banks ready for sale

A four-year programme to salvage the once-ailing Slovenian banking sector has been wound up. The Bank of Slovenia, responsible for banking supervision in the central European state, said that two state-owned banks had been restored to health and were ready for privatisation.

Nova Ljubljanska Banka, the country's largest bank with 28 per cent of the system's assets, and Nova Kreditna Banka Maribor, the third largest, will be taken out of the hands of the state-owned Bank Rehabilitation Agency and be transformed into joint-stock companies. The government has until July to appoint new supervisory and management boards, clearing the way for privatisation. However, the sell-off is not likely to begin until at least 1998.

The two banks, with 51 per cent of the banking system's assets at the start of rehabilitation in 1993, were almost brought to collapse after Slovenia's 1991 split from the former Yugoslavia.

Jack Grimston, Ljubljana

Larios board backs Pernod bid

The board of Larios, the Spanish gin maker, has accepted a buy-out offer from Pernod Ricard, the French wine and spirits company. The board, representing more than 60 per cent of Larios's capital, is to put the offer to the company's other shareholders. The transaction, terms of which were not disclosed, is set to close on June 27. Málaga-based Larios leads the Spanish gin market, with 1996 profit of Pta2.5bn ($17.2m) on turnover of Pta23bn. Pernod said the deal, which could take effect from January 1 1998, would create the second-biggest operator in the Spanish wines and spirits market.

David Owen, Paris

Chanel acquires Eres

Chanel, the French fashion house, has bought control of upmarket beachwear manufacturer Eres. Eres is a family-run business that generates FFr60m ($10.3m) in annual sales, roughly two-thirds of that in France and the rest abroad.

Reuter, Paris

BCH appoints vice-chairman

Spain's Banco Central Hispanoamericano yesterday approved the chairman's proposal to name Mr Angel Corcostegui Guraya as vice-chairman. Mr Corcostegui replaces the Mr Luís Coronel de Palma, who is retiring, the bank said. Mr Corcostegui joined BCH as chief executive in July 1994.

Reuter, Madrid

Coming soon to the Swiss Stock Exchange: GretagMacbeth

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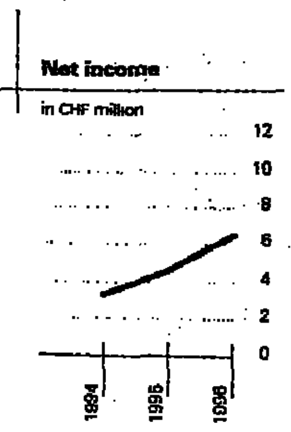

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The GretagMacbeth Group was formed in 1997 by the merger of the Color Control Systems division of the Swiss company Gretag AG and the Macbeth division of Kollmorgen Instruments Corporation, USA. In 1996 the two companies generated an operating income of around CHF 10 million (+27%) on combined sales of CHF 70 million (+11%). GretagMacbeth has 269 employees in Switzerland, the United States, Great Britain, Germany and Hong Kong. The IPO, lead managed by Bank J. Vontobel & Co AG, will ensure a solid foundation for sustained growth.

There are more details in the GretagMacbeth Profile. To order it contact:
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Phone + 41 1 842 24 00 or
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GretagMacbeth

NOTICE

The United Mexican States
Value Recovery Rights, Series A

NOTICE IS HEREBY GIVEN pursuant to the Fiscal Agency Agreement dated as of March 28, 1990 (the "Agreement") under which the above Rights were issued that the Fiscal Agent has received a Calculation Report for the Payment Date occurring on June 30, 1997 from the International Monetary Fund, as Calculation Agent for the Rights under the Agreement, setting forth the following amounts:

Current Oil Price	US$	19.3154
Reference Oil Price	US$	17.2827
Current Oil Revenues	US$	2,602,305,778
Excess Base Revenues	US$	190,920,640
Excess Price Revenues	US$	82,158,128

Based upon the Calculation Report the Fiscal Agent has calculated for said Payment Date the following amounts:

Value Recovery Payment	US$	0.00171717192739381000
Carryforward Amount	US$	0

June 13, 1997

By: Citibank, N.A.
as Fiscal Agent

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COMPANIES AND FINANCE: THE AMERICAS

Miller ordered to end Brazilian alliance

By Jonathan Wheatley in São Paulo

Miller Brewing of the US and Brahma of Brazil, respectively the world's third and fifth biggest breweries, have been ordered to dissolve a joint venture formed in 1995 to market Miller's Genuine Draft beer in Brazil.

If upheld, the ruling could have far-reaching implications for other joint ventures between foreign manufacturers and Brazilian partners. However, the two companies are expected to appeal against the decision.

Brahma's shares opened 1.2 per cent lower in São Paulo yesterday following Wednesday evening's decision by Cade, Brazil's competition watchdog.

Cade is expected to rule next week on a joint venture between Anhauser-Busch, the world's largest brewery, and Antarctica, Brazil's second biggest.

Cade officials voted five to two against the Miller-Brahma joint venture on the grounds that it reduced competition in Brazil's beer market. It said Miller could have entered independently, either by building its own brewery or by using existing distribution channels in Brazil run by other divisions of Philip Morris, its parent company.

Brahma would only say yesterday that it was "surprised" and that it would make an announcement after consultations with its lawyers on whether to appeal. Miller declined to comment.

Cade gave the companies two years to comply.

Mr Pedro Dutra, a lawyer acting for Brahma, said Cade's decision implied that no foreign company could enter Brazil through a joint-venture with a local company.

But Mr Gesner Oliveira, Cade president, who voted against the ruling, said each case would be judged separately.

"This has to be taken very seriously," said Mr Marco Melo, an analyst at Bozano Simonsen, an investment bank. "The decision seems to be a political one, against foreign capital in general." He said the deal posed no threat to competition in the Brazilian beer market.

Brahma began distributing Miller's Genuine Draft in 1995 and switched to local production in 1996. It accounts for about 0.3 per cent of Brahma's sales, or about 0.2 per cent of Brazil's beer market, estimated at 7.7bn litres last year. The joint venture was expected to operate until 2010 and to spend $50m on marketing in its first five years.

In February 1995, Anhauser-Busch paid $105m for a 10 per cent stake in Antarctica. Both US companies were attracted by much higher growth rates than those on offer at home.

Intuit acquires 19% of Excite

By Louise Kehoe in San Francisco

Intuit, publisher of Quicken, the world's leading personal finance software program, has agreed to pay $40m for a 19 per cent stake in Excite, an internet search company.

The two companies have also announced plans for a summer launch of an internet "channel" offering financial services and information.

The alliance combines Excite's search services, which draw an estimated 2.5m daily users, with Intuit's online Quicken Financial Network, which the company markets to the 10m users of its Quicken software.

"This is a powerful combination," said Mr Scott Cook, chairman of Intuit. The household reach of Excite would draw millions of users to the new channel, he predicted.

The new channel will offer financial information and news, stock prices, directories of services, tracking and investment decision tools.

Users will also be able to purchase online financial products.

The channel will generate revenues from advertising as well as from transaction fees, the companies said. By adopting "push" channel technology that automatically delivers information to users' computer screens, the companies aim to ensure a growing audience for their services.

Intuit hopes the alliance will encourage financial institutions to participate in the online service.

To date, banks and brokerage houses have proved reluctant to give Intuit the opportunity to come between them and their customers, limiting the success of Quicken's internet efforts.

Intuit has also seen the growth of its personal finance software business slowing.

This week the company announced the closure of a customer service centre in New Mexico and cuts in its US and European operations. Some 420 jobs, or about about 10 per cent of the company's workforce, will be cut.

For Excite, the deal represents an opportunity to differentiate its search services from those of Yahoo!, Lycos, Infoseek and a host of smaller competitors with which it is battling for advertising revenues.

Murdoch signs star wars armistice

PrimeStar offers co-operation over confrontation, writes **Christopher Parkes**

Mr Rupert Murdoch may be a tough-nut dealmaker, but he is not a man to risk brain damage by banging his head against a brick wall.

By making his peace with the powerful US cable operators this week he has opted for co-operation rather than confrontation, for the rewards of partnership as opposed to the uncertain and distant prospect of the profits of war in space.

Although he made no financial gains on his $1.1bn deal to sell his satellite broadcasting assets to PrimeStar, a satellite business owned by the largest cable operators in the US, he has enhanced his chances of winning airtime and subscribers for News Corp's cable programming channels.

Wednesday's deal to buy The Family Channel, which reaches almost every cabled home in the nation – and is ranked ninth most popular – is an important move to increase the leverage of Mr Murdoch's own start-up efforts, fX, an entertainment service, Fox Sports and Fox News.

"Sure, he gave up on satellite, but at the same time he realised he could not buck the market of 66m established cable subscribers," says Mr Jim Schaeffler, president of The Carmel Group, a specialist satellite broadcasting researcher.

By threatening to blast the earthbound cable operators, most of which are limited to no more than 60 channels, with up to 500 channels beamed from high-power satellites, News Corp worsened already strained relations with the cablers.

The defining moment came when a proposed merger of News Corp's ASkyB service with EchoStar became known as "death star".

The first sign of a Murdoch retreat came last month, when News Corp abandoned its EchoStar agreement. The armistice was signed this week when Mr Murdoch meekly accepted a 30 per cent non-voting stake in PrimeStar Inc, a new joint stock company to be built on the current partnership, in return for giving up his weapons.

His heavy artillery – two high-power satellites and the last available federal licence for nationwide coverage from space – is due to go into service next spring.

PrimeStar, which operates with medium-power hardware and serves mainly rural areas because its 39-inch dishes are too big for most urban homes, will now present a viable challenge to market leader DirecTV, owned by General Motors.

But first, PrimeStar's cable operator owners will have to make their peace with regulators and antagonistic politicians in Washington. Relations between cable and Capitol Hill have been strained for years; accusations of over-charging and disdain for the public interest are common.

"Mr Murdoch was to be heard only weeks ago telling Congress and regulators how effectively ASkyB would compete with cable, and now he is selling out to the competition," says Mr Rick Westerman, a senior analyst at UBS Securities.

Mr Schaeffler offers 50:50 odds on regulatory approval, and only then if PrimeStar makes concessions, probably including the surrender of some of its satellite transmission capacity.

Mr Jim Gray, PrimeStar chairman, insists that the company – soon to be publicly owned – will have to compete if it is to amortise its investment and meet is obligations to shareholders.

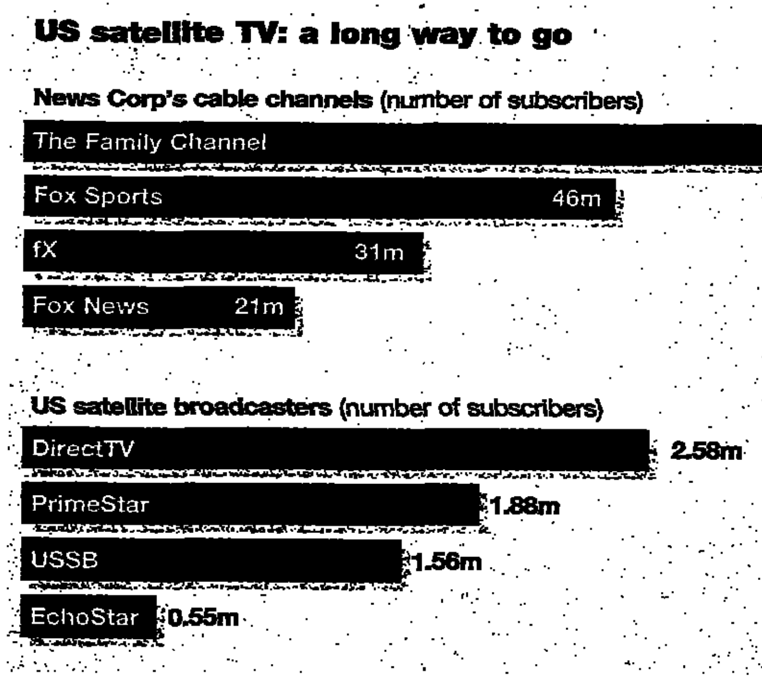
Yet the impression remains of "a single company wearing two big hats and trying to serve two separate constituencies", says Mr Schaeffler.

In this climate, it is in PrimeStar's political interests to be seen to foster competition in satellite broadcasting.

Price competition has already helped thin the ranks of participants. AlphaStar, the smallest satellite provider, slipped out of contention last month when its parent, Tee-Comm, was forced into receivership.

This, in effect, leaves just three contenders. DirecTV and USSB – commonly counted as one since they share the same satellites and the brands are marketed in tandem – PrimeStar and the jilted EchoStar, which is claiming $5bn damages from News Corp.

If the preservation of competition is the price of peace with Washington, it is in PrimeStar's and Mr Murdoch's best interests to help ensure that EchoStar is not driven out of the picture by their manoeuvrings.



Go-ahead for $3.5bn Venezuelan oil venture

By Raymond Colitt in Caracas

The Venezuelan congress has approved a $3.5bn joint venture between Arco, Phillips Petroleum, Texaco and Corpoven, a subsidiary of the state-owned oil company PDVSA, to develop a heavy crude oil field.

"The Hamaca project is a significant development for Arco and a key element in our international growth strategy," said Mr Mike Bowlin, Arco chairman and chief executive officer.

The consortium is to invest $110m during the first 18 months of the project, which is expected to begin later this year with basic engineering work, according to a statement released by Phillips.

If the Hamaca oil field in south-eastern Venezuela is fully developed, daily production of the heavy oil could reach 200,000 barrels by 2006, with initial production starting in 1999.

The consortium expects to recover 2.4bn barrels throughout the 35-year contract period. The crude is to be upgraded into lighter, more marketable gravity oil at a plant to be constructed at Jose, on the Caribbean coast of Venezuela.

The project will further expand Texaco's participation in cost-effective and strategically located heavy crude production and in the technology needed to upgrade and refine it to usable petroleum products.

"This endorsement of the Hamaca project by the Venezuelan congress symbolises the government's openness to major new investments in the petroleum sector," said Mr Robert Black, Texaco senior vice president.

"For Texaco, Hamaca will be another opportunity to apply our heavy oil expertise and to increase worldwide crude oil production and reserves aggressively."

It is one of six projects that will tap Venezuela's extra-heavy crude oil reserves in the Orinoco belt – among the world's largest hydrocarbon deposits with a proven 270bn barrels of recoverable reserves. Phillips and Texaco each hold a 20 per cent stake in the venture, while Texaco and Corpoven hold 30 per cent stakes.

In March, the Venezuelan government removed a significant obstacle to the six projects – which could draw total investment of $17bn – by approving an exemption of the 16.5 per cent sales tax for the pre-operating costs of big investment projects, including the Orinoco deals.

AMERICAS NEWS DIGEST

Inflows to mutual funds up strongly

Investors made May the best month for mutual stock fund inflows since January, pouring in a net $18.5bn – 17.8 per cent more than the $15.7bn they invested in April. Funds groups said June inflows were expected to be just as strong. Estimates from the Investment Company Institute, a mutual fund trade group based in Washington DC, show bond funds also performed strongly in May, taking in a net $2.5bn, more than three times the April figure of $786m. Combined stock-and-bond-fund inflows reached $21bn in May, also the best since January, although the total in January was much higher at $32.7bn.

"What I'm hearing is that it's a good economy, and as long as there are no surprises, we'll see continued rotation [of assets] into the small-cap funds," said Mr Tad Gillespie, at State Street Research & Management. State Street's small-cap Aurora Fund is among the company's inflow leaders, as is its Global Resources Fund, according to the Boston-based company. Its bond funds, however, are continuing to show outflows. *AP-DJ, New York*

Enersis wins trade ruling

Enersis, the Chilean utility, will be allowed to keep its dominant position in the Chilean market as the major generator, distributor and owner of the main transmission lines, as a result of a ruling in its favour by the anti-monopolies commission.

The commission ruled unanimously against the state economic supervisory body, the NFE, which in 1994 had found that the degree of vertical integration in the electricity industry was a threat to fair competition. It had wanted Enersis to break up its interests in the sector and relinquish control in one or other area.

However, yesterday's ruling requires the company to transform its transmission division, Transelec, into a publicly-traded company, with minority shareholders. The commission also said the government should press ahead with legislative reforms where there were ambiguities in the current laws.

Mr Rodrigo Asenjo, head of the NFE, said the ruling was "abusive", and insisted that the degree of vertical integration in the electricity industry was not good for Chile. But it had been "a battle between David and hundreds of Goliaths", he said.

The government has tried to encourage other participants into the industry, most recently last year when it initially attracted half a dozen possible buyers for a controlling stake in Colbun, the sole remaining state-owned generator. But it received only one bid, from a consortium headed by Tractebel of Belgium.
Imogen Mark, Santiago

Bre-X 'set up legal costs fund'

Bre-X Minerals, the Canadian group facing a spate of lawsuits after the Busang gold scandal, created a US$5m trust fund late last year to pay the legal costs of the company's officers and directors, a report made public this week showed. In a report filed with a Canadian court, Price Waterhouse, the accountant, which is monitoring the gold prospector's accounts, said the "indemnity fund" was set up last December with an offshore trustee. Under the arrangement, "those funds are held for the benefit of, and are security for, Bre-X's indemnity of its officers and directors", the report said. Bre-X and its officers and directors face at least 11 lawsuits filed by Canadian and US shareholders after the company's Busang gold "prospect" in Indonesia was deemed in early May to be an unprecedented fraud. *Reuter, Calgary*

PLACER DOME INC.

David Smith

George Brack

Joe Danni

Doug Fraser

Ian Austin, Executive Vice-President, Placer Dome Inc., announces that the Board of Directors has made the following appointments effective June 1, 1997:

• David S. Smith, 39, to Vice-President, Business Development. Mr. Smith, previously Vice-President and Chief Financial Officer with Placer Dome Canada, will be responsible for identifying acquisition opportunities; leading the strategic planning process; assisting regional and mine management in implementing long term business planning processes; and identifying opportunities at Placer Dome operations to enhance value, and working with regional and mine management to realize them.

• George L. Brack, 35, to Vice-President, Corporate Development. Mr. Brack, previously General Manager, Corporate Development, will be responsible for structuring and implementing acquisitions; working with Business Development to identify acquisition opportunities, and providing acquisition support to Placer Dome Exploration Inc.

• Joseph L. (Joe) Danni, 48, to Vice-President, Corporate Relations. Mr. Danni, who was Vice-President Human Resources and Public Affairs with Placer Dome U.S. Inc., will be responsible for the development and implementation of Placer Dome's external relations strategies on a global basis; and will assist the regional business units in developing specific strategies for government and public affairs.

• Douglas J. Fraser, 47, to Vice-President, Sustainable Development. Mr. Fraser was President and CEO of Placer Dome Canada. He will be responsible for providing leadership in the development and implementation of environmental and sustainable development policies, and will develop strategies to ensure that social, political and environmental risks are appropriately measured and managed.

Reporting to Ian Austin, the team will seek to contribute to the Placer Dome Group by increasing ore reserves through acquisitions; enhancing approaches to business and planning; building the concept of sustainable development into all its activities; and taking strategic control of its relationships with its publics.

Placer Dome is an international gold mining company based in Vancouver, Canada.

All of these securities having been sold, this announcement appears as a matter of record only.

June 1997

3,803,800 American Depositary Shares
Representing 2,852,850 Shares of Common Stock
Open Joint Stock Company Vimpel-Communications

BEELINE
CELLULAR COMMUNICATIONS

Joint Global Coordinators

Renaissance Capital Group | Donaldson, Lufkin & Jenrette Securities Corporation

1,045,000 ADS

The above shares were offered outside the United States and Canada by the undersigned.

Renaissance Capital International Ltd.

Donaldson, Lufkin & Jenrette Securities Corporation

Morgan Stanley Dean Witter

2,758,800 ADS

The above shares were offered in the United States and Canada by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

RC Securities, Inc. (Member Renaissance Capital Group)

Morgan Stanley Dean Witter

ABN AMRO Securities (USA) Inc. | Credit Lyonnais Securities (USA) Inc.

Deutsche Morgan Grenfell | Dresdner Kleinwort Benson North America LLC | Goldman, Sachs & Co.

HSBC Investment Banking | ING Barings | Lazard Frères & Co. LLC

Merrill Lynch & Co. | Nomura Securities International, Inc. | Salomon Brothers Inc

SBC Warburg Inc. | Société Générale Securities Corporation | Smith Barney Inc.

Bishop, Rosen & Co., Inc. | Gabelli & Company, Inc. | Gerard Klauer Mattison & Co., Inc.

Nordberg Capital Inc. | Brad Peery Inc. | Unterberg Harris

Nomura to publish AGM on internet

By Gillian Tett
in Tokyo

Nomura, Japan's largest securities company, yesterday enlisted the internet in its battle to clean up its image after recent financial scandals.

The group announced that it would publish the results of its annual general meeting later this month on the internet, together with pictures of the meeting.

The move is believed to be the first time a Japanese company has used the internet in this way.

The secretive conduct of Nomura's annual meetings has been at the heart of the recent scandal at the group.

Accusations against Nomura have centred on allegations that the company made illicit financial payments to *sokaiya* – corporate gangsters who demand money from companies in exchange for not revealing sensitive information about them.

Shareholders' meetings have been a target for such blackmail. *Sokaiya* have been known to disrupt them by hurling insults, asking "embarrasing" questions or even throwing bottles and chairs at company officials. Such actions were made easier by the fact that the meetings were open only to shareholders.

However, as financial scandals have emerged, some companies have taken the step of opening their doors to public scrutiny in an attempt to break the influence of the *sokaiya* .

Last month, Takashimaya, a retail group which suffered at the hands of the *sokaiya*, allowed the press to watch its shareholder meeting for the first time, albeit via closed-circuit television.

Dai-Ichi Kangyo Bank, which has admitted making loans to the same *sokaiya* at the heart of the Nomura scandal, is taking a similar step this month.

Nomura, which has reshuffled its management under Mr Junichi Ujiie, its new president, is also making efforts to increase transparency.

The company is to hire outside lawyers to monitor the shareholders' meetings and the report issued on the internet.

The company yesterday said the move was designed to give greater information to global shareholders and "potential shareholders" among the public.

"This allows us to provide information to a lot of people in an open fashion," a spokesman said.

However, their potential readers may include unwelcome guests. The *sokaiya* themselves have recently become more sophisticated about how they research companies, and some have now started their own subscriptions to the internet.

Investors take hit from knock-out bonds

Yen's surge has triggered losses for holders and brokers of a new type of dual currency paper

Sitting in his Tokyo office, Mr Minoru Kudoh, head of finance at Ichiyoshi, a Japanese broker, makes a sharp karate chop with his hands. "The currency markets have hit us with a bang! Kaput! It has been terrible! Who could ever have believed the yen would move so fast?"

It is a verdict echoed by many Japanese brokers and investors. The yen's surge in recent weeks has not only taken many international economists by surprise, but it has claimed a new set of foreign exchange victims: holders of a little-known and relatively new instrument called "knock out" dual currency bonds.

Such bonds, structured to benefit investors if the yen does not rise, became popular as investors sought to protect themselves from the yen's steady fall in 1996. Japanese brokers, such as Ichiyoshi, have been distributing them heavily on behalf of western issuers.

But the yen's unexpected surge has triggered losses for the investors and brokers. They hold an estimated Y300bn (Y2.69bn) of loss-making "knock-out" bonds. The losses on these instruments are not only threatening to dent Japanese confidence in the foreign bond market, but may also be dealing a painful blow to Japan's ailing small brokers.

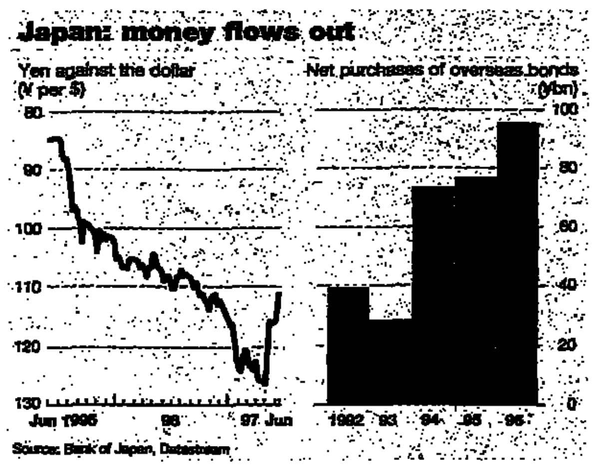
The origins of the debacle highlight the pressures on these brokers, and how much some Japanese investors have to learn.

Dual-currency bonds have traditionally worked by offering investors interest on the bond in one currency, such as the Australian or US dollar, but to buy and redeem the bond in another, such as the yen. These have long been attractive to some investors, because they appear to guard against the risk of sharp currency fluctuations.

Last year sales of such bonds in Japan rose dramatically, for two reasons. The first was that Japanese savers had been flocking to purchase foreign securities, since low interest rates in Japan made the higher yields overseas very attractive. Then the yen's steady fall in 1996 made investors nervous that any gains they earned on these yields would be wiped out by the foreign exchange risk. So many turned to dual currency bonds for protection.

The second reason for the surge lay with the brokers. In recent years, Japan's 250 or so small and medium-sized brokers have seen their traditional equity trading business decline with the fall of the Japanese stock market. In the search for new business, these brokers have eagerly embraced the role of "middlemen" for western issuers keen to tap into Japanese savers' enthusiasm for overseas bonds.

Japan: money flows out



Source: Bank of Japan, Datastream

Ichiyoshi is a typical example. Although it has been selling foreign bonds for the past seven years, it moved heavily into dual currency bonds last year, filling its offices with eye-catching leaflets explaining their attractions. "Selling bonds has been a good business," says Mr Kudoh.

Across the industry as a whole, some Y2,007bn of dual currency bonds were issued between April and December last year – almost three times the level of the previous year. This helped push up net overseas purchases of bonds by Japanese investors 24 per cent to Y90,743bn in 1996-97.

But as the yen fell in January, savers demanded better protection against yen weakness, and western borrowers responded by issuing a new, short-term instrument, known variously as "knock in", "knock out" or "corridor" bonds.

These paid an attractive coupon, typically about 5 per cent, but with a catch. Although the bond would be redeemed in yen at attractive rates in normal circumstances, it would be repaid instead in a foreign currency if at any point during the life of the bond the yen rose by an agreed amount – usually 10 per cent.

These proved extremely popular. Ichiyoshi, for example, estimates that Y50bn of the "knock out" dual currency bonds were distributed across the industry in February, Y100bn in March, Y150bn in April, and Y300bn in May.

The timing of this acceleration was disastrous. In early May the yen unexpectedly surged, "knocking out" many of May and April's contracts, so that they were repaid in the foreign currency, which of course had weakened against the Yen.

On a typical Y5bn dollar note, this meant losses of about Y500m, or 10 per cent, before settlement costs, for the bond holder.

Since the securities houses were still distributing April and May bonds when disaster struck, many were left with them on their books. "Our customers would not buy these bonds and so we had to take the impact ourselves," Mr Kudoh says.

The episode has painful implications. Ichiyoshi, which is one of the healthier brokers – though it recorded a Y681m net loss last year – is confident it can survive the blow. But other brokers are in a weaker state. Moreover, the government's plans to liberalise broking commissions as part of "Big Bang" deregulation are expected to cut margins further.

It also raises some intriguing economic questions. The recent flood of Japanese capital overseas has prompted concern in Tokyo – particularly since the "Big Bang" reforms could accelerate this flow. Some brokers even suspect the Japanese government may have engineered the latest currency turmoil to halt this flow.

Certainly, some officials hope good may come out of the debacle. Big Bang, they point out, will usher in more freedom for Japanese investors and brokers – and this could leave them even more vulnerable to investment "fads" in the future, unless they learn some investment wisdom.

"Japanese investors have been far, far too naive about investing overseas in the past," says one senior official. "Maybe this episode will teach some a lesson."

Gillian Tett

China Airlines in row on boardroom control

By Laura Tyson
in Taipei

A struggle for managerial control is threatening to delay China Airlines' search for a strategic partner.

Taiwan's biggest airline is fighting a government demand for five seats on the 10-seat board of directors of its holding company, the China Aviation Development Foundation.

The foundation, which was founded in 1988, holds 71 per cent of China Airlines' outstanding shares, having recently released holdings amounting to 11 per cent.

Mr Tsai Jaw-yang, transport minister, claims the foundation is effectively a public asset.

He said that since no private interests put money into China Airlines when it was founded in 1958 and the government had subsidised the airline's operations for three decades, the government had the right to exert partial control over the foundation's activities.

Transport officials said the foundation had not fulfilled its obligations under its tax-exempt status to contribute a certain percentage of its earnings to public works. China Airlines denies this, saying that it had fully met finance ministry guidelines for foundations.

The row highlights the difficulties in distinguishing public and private assets in Taiwan, which in the past decade has made the transition from a one-party state to democratic pluralism.

China Airlines insists it is a wholly private entity, and has taken pains to counter the perception of it as a state-run airline. Last year it changed its livery, taking off the Taiwan government's Republic of China national flag and replacing it with a plum blossom.

There is speculation that the government may have ulterior motives in trying to re-assert control over the foundation and indirectly the airline, which only a few years ago managed to shake off the burden of being a pasture for retired air force personnel.

After the 1994 accident in Nagoya, Japan, in which more than 200 people perished, the airline has made efforts to professionalise its management and operations.

Some observers believe these efforts could be jeopardised if the government forces itself upon the foundation.

For its part, the government faces public criticism that its privatisation programme has resulted in state assets being handed over to wealthy private interests closely linked to the ruling Nationalist party.

As it regards the foundation as a type of public asset, it seeks to prevent a similar fate for China Airlines.

In the past year, several international carriers, including British Airways, China-backed carriers, and Taiwan's Eva Airways have been rumoured to be interested in taking a stake in China Airlines. A strong foreign partner would be helpful for the airline in upgrading its operations and service.

ASIA-PACIFIC NEWS DIGEST

Stakebuilding seen in Burns Philps

An Australian broker was yesterday understood to be building a stake in Burns Philps, the troubled Sydney-based food ingredients group, probably on behalf of an overseas client.

The buying, handled by Deutsche Morgan Grenfell's Australian arm, started just after the market's close yesterday. Burns said it was unaware of the buyer's identity, but noted there were strong market suggestions that it was an offshore purchaser, apparently interested in building an equity stake of about 15 per cent. The buying was at A$2.50 a share – a substantial premium to the closing price of A$2.03, up 2 cents on the day. One market source suggested the broker was having relatively little difficulty in filling the order. At A$2.50 a share, Burns is capitalised at about A$1.3bn (US$943m).

The company has experienced difficulties in recent years as it has attempted to turn itself from a diversified industrial and distribution group into a specialist food ingredients business. A series of acquisitions failed to pay off, and the company became embroiled in a price war with McCormick, the US spices group. Last month, Burns announced it intended to sell its consumer spice and industrial food service operations in North America and Europe, which made a loss of A$31.7m in the first nine months of 1996-97. *Nikki Tait, Sydney*

Higher prices lift tea groups

Improved tea prices in the second half boosted profits at Tata Tea and Goodricke, the Indian tea producers, but rising labour costs held back AFT Industries, the flagship company of the Apeejay Surrendra group.

Tata Tea, India's largest plantation group, announced pre-tax profits up 18 per cent at Rs826.2m ($23m) for the year to end-March, while net profits rose 27 per cent from Rs461.4m to Rs586.5m. Sales grew 32 per cent to Rs7.17bn, compared with Rs5.43bn. Earnings per share climbed from Rs9.47 to Rs12.06. The dividend is raised from Rs6 to Rs6.50. The company, which lifted sales of branded tea by more than 20 per cent, expects better results in the current year on the basis of rising tea prices and continuing strong demand in both import and export markets.

Goodricke, which is increasing sales of tea in value-added packets and investing heavily in the "rejuvenation" of its estates, increased full-year net profits 88 per cent to Rs328.46m. Turnover climbed 3.5 per cent, from Rs1.167bn to Rs1.208bn. The dividend is raised 25 per cent to Rs1.25.

AFT, which is yet to take the value-added route, saw pre-tax profits down 25.17 per cent in the year at Rs86.5m, while net profits declined from Rs63.6m to Rs50.1m. Sales climed 5.72 per cent to Rs728.5m. Earnings per share fell from Rs10.6 to Rs8.35. Exports advanced 350 per cent from Rs18.5m to Rs83.3m. The company expects a significant improvement in the current year. *Kunal Bose, Calcutta*

Tokuma buys DirecTV stake

DirecTV Japan, the joint-venture digital satellite multichannel operator, said that Tokuma Shoten Publishing, a leading publisher and owner of animation rights, would take a 10 per cent equity stake in the venture.

The purchase by Tokuma provides DTVJ with access to the publisher's vast library of popular Japanese animation and classic Japanese movies, as well as future productions. Animation films released by Tokuma over the past few years have generated larger revenues than Disney films in Japan, DTVJ pointed out. DTVJ has also signed up with NHK Joho Network for broadcast rights to J-League soccer games for the 1998-99 season, the company said. *Michiyo Nakamoto, Tokyo*

Surge in ANZ shares

Australia and New Zealand Banking Corporation was yesterday forced to put out a statement saying it knew of no reason for a sudden surge in its share price, which leapt from A$9.22 at Wednesday's close to about A$10.00 in early trading yesterday. The shares closed up 56 cents at A$9.78, a gain of about 6 per cent.

The trading appeared to be driven by takeover speculation which has surrounded bank stocks in recent weeks, following the federal government's decision to lift the ban on overseas takeovers of the country's four largest banking groups. *Nikki Tait*

USINOR

June 9, 1997 Meeting of Shareholders

The June 9, 1997 Annual Meeting of Shareholders, chaired by Francis Mer, has approved all resolutions that were submitted to it. Specifically, it approved the 1996 financial statements and set the dividend, payable on July 1, 1997, at 3 francs per share, with a tax credit of 1.5 francs.

New Look

The Meeting of Shareholders adopted a simplified corporate name. Usinor Sacilor will henceforth be named "Usinor." The Chairman said:

"The part of the name that you are being asked to retain is already being widely used in the financial and media environment.

But the Sacilor "culture" will continue to be very much present since the corporate names of our major divisions (Sollac, Ugine, Unimétal, Ascométal, etc.) came from that group, based in Lorraine. And the logo that will acccompany the Usinor name will be a very explicit graphic interpretation of the old Sacilor logo.

This new corporate identity, which expresses the unity of the Group, is seen by our employees as a reminder of a difficult past that has now been overcome, thanks to everyone's efforts."

Shareholder Relations

The Chairman introduced the 10-person Shareholder Consulting Committed, which, has a four year mandate to advise the Group on its financial and economic information policy with respect to individual shareholders.

The Chariman also mentioned the interest that shareholders have shown in the initial meetings that have already taken place outside of Paris (Lyon, Lille, Nancy, Marseille, Bordeaux). The next one will be held in Nice on October 17 of this year.

Outlook

During his talk, the Chairman also mentioned the group's current outlook:

"The apparent demand for steel, i.e. the total volumes ordered by customers, is very firm in Europe and is sustained in the United States. So the Group's deliveries and order books are at gool levels overall. They are also being helped by increases in our market shares. Continuation of this favorable trend implies a recovery in consumption and investment in Europe. With a continued strong dollar, it would also be possible to exploit new opportunities for major exports.

The turnaround in prices has been more gradual but, for the past two months, it has definitely been moving int he right direction for most ou ours products.

Negotiated mostly in late 1996, the sale prices recorded in the first quarter have not yet reflected that movement. It is the Group's belief that the net profit for the 1st half should be of the same order of magnitude as the net profit published for the 1st half of 1996".

Investor Relations tel. : (33-1) 41 25 98 98 - fax : (33-1) 41 25 97 80
Internet : http://www.usinor.com

USINOR

DECLARATION OF DIVIDENDS

The following companies have declared final dividends, in South African currency, payable on 6 August 1997 to members registered in the books of the companies concerned at the close of business on 27 June 1997:

Name of Company (All companies are incorporated in the Republic of South Africa)	Dividend No.	Amount per share (cents)
Driefontein Consolidated Limited (Registration No. 68/04880/06)	48	75
Kloof Gold Mining Company Limited (Registration No. 64/04462/06)	55	15

Dividends will be electronically transferred to members' bank or building society accounts on 6 August 1997 or, where this method of payment has not been mandated, dividend warrants will be posted to members on 5 August 1997.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the companies.

The registers of members of the above companies will be closed from 28 June to 4 July 1997, inclusive.

The following company has not declared a final dividend:
Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

By order of the boards
per pro GOLD FIELDS CORPORATE SERVICES LIMITED
London Secretaries
S.J. Dunning, Secretary

Head Office:
75 Fox Street
Johannesburg 2001
Republic of South Africa

London Office and Office of United Kingdom Registrar:
Greencoat House
Francis Street
London SW1P 1DH

12 June 1997

MEMBERS OF THE GOLD FIELDS GROUP

Notice to Bondholders

UBS Luxembourg S.A. - Paying Agency activity

Bank of Montreal US$ 250,000,000 Series 10 Floating Rate Debentures
The Royal Bank of Scotland £125,000,000 10 5/8% Subordinated Bonds due 1998
International Bank for Reconstruction and Development ECU 200,000,000 Floating Rate Notes due 2002

Notice is hereby given that with immediate effect the paying agency functions held by UBS Luxembourg S.A., 3-5 Place Winston Churchill, L-2011 Luxembourg have been transferred to Banque Internationale à Luxembourg S.A., 69, route d'Esch, L-2953 Luxembourg.

Bondholders holding bonds where UBS Luxembourg S.A. appears as paying agent should present their coupons for encashment and their bonds for redemption at the offices of Banque Internationale à Luxembourg S.A. Banque Internationale à Luxembourg S.A. takes over all rights and duties as a paying agent as if it had been the designated paying agent in the original agreements.

UBS Luxembourg S.A.
3-5 Place Winston Churchill
L-2011 Luxembourg

Banque Internationale à Luxembourg S.A.
69, route d'Esch
L-2953 Luxembourg

FINANCIAL TIMES

Les Echos

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crofts on +44 171 873 4027

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Provisional Prices for 13.06.1997 — Final Prices for Trading 16.05.1997

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

هكذا من الاصل

هكذا من الأصل

Sommer Allibert rebuffs Armstrong

By Graham Bowley in Frankfurt

Sommer Allibert, the French plastics group, yesterday publicly rebuffed Armstrong World Industries' C$488m (US$375m) bid for its Canadian flooring division.

In an open letter to Armstrong, Mr Marc Assa, Sommer Allibert chairman, attacked the US company's decision to begin legal proceedings in an attempt to stop Sommer's proposed DM1.4bn (US$818.7m) merger of its flooring division with Tarkett, the German flooring group.

It is the latest in a war of words between Armstrong and Sommer Allibert which erupted this week following Armstrong's hostile bid for Domco, the Canadian flooring group in which Sommer Allibert owns a 69 per cent controlling stake.

The US group alleges Sommer Allibert broke agreements after earlier talks revolving around its bid for Sommer's flooring division, including Domco. It also claims that Sommer and Domco directors breached their duties to Domco's minority shareholders by not properly informing them of Armstrong's bid.

But Mr Assa yesterday strongly reiterated Sommer Allibert's rejection of Armstrong's bid for Domco, describing the US group's decision to air its complaints publicly as "ill-advised".

He defended Sommer's decision to merge its flooring business with Tarkett. The merger, announced at the end of last month, involves Tarkett buying the Sommer flooring business for DM705m. In return, Sommer Allibert agreed to buy 60 per cent of Tarkett for DM658.3m. Linking the two suppliers of wood and vinyl flooring surfaces in Europe would create an important competitor for Armstrong, the world market leader.

Mr Assa said that Sommer had "at no time agreed to negotiate exclusively with Armstrong World Industries".

"[Armstrong's] claim that we violated restrictions upon our right to negotiate when no such restrictions existed is not only factually wrong but also obviously a reflection of [their] great concerns in the face of the creation of Tarkett Sommer," he said.

He said Armstrong's claim that Sommer Allibert's decision not to tender its Domco shares required deliberation by the Domco board was "simply ludicrous and without any basis in law".

Armstrong responded to Mr Assa's letter by saying it would go ahead with its offer of C$23 for each Domco share. A spokesman said Mr Assa's letter had not made the case of added shareholder value for Sommer or Domco shareholders.

See Lex

UCI plans expansion in Germany

By Alice Rawsthorn

United Cinemas International, the cinema chain owned jointly by Viacom and Seagram, the North American entertainment groups, plans to open 18 multiplex cinemas in Germany and Austria over the next two years.

The proposed openings form part of the general expansion of the European cinema market, which is regarded as being underdeveloped compared with the US, where the multiplex phenomenon started.

UCI already owns five multi-screen cinemas in Germany, the first of which opened at Hurth Park in 1990.

It plans to launch 16 more there by spring 1999, including five in the Berlin area, two in Hamburg and one in Frankfurt.

Nine of its new German multiplexes will be in the eastern part of the country. UCI has decided to concentrate investment there as part of its long-term strategy of building a substantial presence in the former eastern bloc.

The company has not disclosed details of the cost of its German expansion programme. However, multiplex cinemas typically cost several million dollars to construct and equip. The number of screens in UCI's new German complexes will range from seven to 10, and the number of seats from 1,413 to 2,700.

In Austria, where UCI already operates one multiplex in Vienna, the company plans to open two more complexes, a second in Vienna and one in Graz, by July next year.

Other cinema operators are also expanding their interests in Germany.

Warner Village, a joint venture between Time Warner, the US entertainment company, and Village Roadshow, the Australian media group, has four German multiplexes at present, and plans to build another 16 over the next three years.

The opening of new cinemas has already had a dramatic effect on the German film market.

Box office admissions have risen in recent years, as the new multi-screen cinemas have offered a wider choice of pictures to German filmgoers.

The main beneficiaries have been German-language films, which have found it much easier to find distribution and attract larger audiences. They took 37 per cent of box office revenue in the first quarter of this year, the highest since the 1950s.

A similar pattern has emerged in the UK, the only European country where multiplex construction is more advanced than Germany.

Ahold ahead 69% on Stop & Shop takeover

By Gordon Cramb in Amsterdam

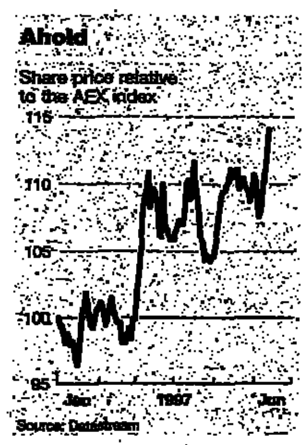
Ahold, the Netherlands' biggest supermarkets group, boosted net profits 69.4 per cent to Fl 234.4m ($121.5m) in its initial reporting period of this year, with the bulk of the gain stemming from its $1.8bn takeover of the Stop & Shop chain in the north-eastern US.

Earnings per share, at Fl 1.36 for the 16 weeks to April 20, were up 23.4 per cent from Fl 1.10. The acquisition was funded largely through an international share offering, as a result of which issued equity was expanded by just over one-third.

The company said it was maintaining its expectation that full-year net profits would be considerably higher. This would imply an increase of between 30-45 per cent from the Fl 632m achieved in 1996.

The result for the opening period, struck before the payment of preference dividends, was towards the lower end of analysts' projections, but Ahold shares closed Fl 3.10 higher in Amsterdam at Fl 159.80. A three-for-one stock split will take effect on July 21.

The recent weakness of the guilder, particularly against the dollar, enhanced earnings by Fl 15.2m, or Fl 0.09 a share, the company said. As announced at the May shareholders' meeting, sales were 48 per cent ahead at Fl 14bn, though the rise would still have been 17.1 per cent if Stop & Shop had been included last time.



A breakdown yesterday showed that the US, now Ahold's biggest market, achieved revenues of $4.2bn, ahead 53.9 per cent in dollar terms and 75 per cent in guilders.

Operating profits there were $159.1m, a jump of 144.4 per cent. Ahold said its previously acquired US chains, including Tops and Bi-Lo, also performed well.

In the Netherlands, where it owns the market leader Albert Heijn, operating results were 9.8 per cent higher at Fl 165.5m on sales up 6.5 per cent to Fl 4.7bn.

Elsewhere in Europe, turnover rose 32.4 per cent to Fl 694.3m, though profits growth trailed with a 6.2 per cent rise to Fl 34.3m. The group has been adding activities in Spain and Poland to longer established operations in Portugal and the Czech Republic.

Ahold reported an initial contribution to operating profits of Fl 15.8m from Latin America, where its new venture in Brazil booked sales of Fl 452.9m. The start of business in the Asia-Pacific region brought a loss of Fl 15m on sales of Fl 257.2m.

EUROPEAN NEWS DIGEST

Duo hope for pan-Nordic SE

The Swedish and Danish stock exchanges said yesterday that they hoped their decision to merge their trading systems would encourage the Norwegian and Finnish bourses to join a pan-Nordic equities market. The alliance between the Stockholm and Copenhagen exchanges, unveiled yesterday, creates an integrated share dealing market. It is to have a common regulatory framework, although participants on the market will have to be registered on both bourses.

The tie-up between the two largest Nordic bourses, with combined market capitalisation of close to $300bn, is likely to put pressure on their smaller neighbours in Oslo and Helsinki to join. However, the Helsinki bourse reiterated its opposition to a scheme dominated by Stockholm, which has about 55 per cent of the Nordic market. "We are not yet ready to bind ourselves," said Mr Juhani Erma, Helsinki Stock Exchange president. The Oslo bourse stressed it had ordered the same trading system as the Helsinki exchange and this was an obstacle to integrated trading. But he added: "I don't think we have burned all bridges concerning Nordic co-operation. There might be other ways of co-operating together."

The Stockholm-Copenhagen venture is a response to a perceived need for rationalisation among smaller European bourses in the face of greater competition from larger financial centres. The heads of both exchanges have questioned whether individual Nordic exchanges can survive alone in an increasingly international market.

Greg McIvor, Stockholm

UPM-Kymmene write-off

Finnish pulp and paper group UPM-Kymmene said yesterday it would make a FM800m ($155m) write-off on the sale of a French magazine paper mill to Otor, France's second largest producer of corrugated board. The group is selling its St Etienne du Rouvray plant, which is part of its Chapelle Darblay operation in France.

It said the mill would stop producing magazine paper and switch to light testliner and fluting from January 1998 after the sale. The move follows an announcement this week that UPM-Kymmene was in talks to buy the release paper and consumer products business of Daubert Coated Products of the US. The unit has been the US sales agent for Lohjan Paperi, UPM-Kymmene's wholly-owned subsidiary. The purchase would "strengthen the global position of Lohjan Paperi as one of the world's leading siliconised paper producers", UPM-Kymmene said.

Agencies, Helsinki

Den Danske names chief

Mr Peter Straarup, 45, was appointed yesterday as chief executive of Den Danske Bank, the largest of Denmark's commercial banks. He will take over in March on the retirement of Mr Knud Sorensen, who has held the position since 1990. Mr Straarup was appointed deputy to Mr Sorensen last year and his move to the top executive job at the bank was expected. He follows in a tradition at the bank that chief executives are recruited internally. Mr Straarup joined the bank on leaving school at 16.

Hilary Barnes, Copenhagen

Lufthansa signs Air Littoral alliance

By Graham Bowley

Lufthansa yesterday named Air Littoral, the French regional air carrier, as its new partner in France, strengthening the German airline's strategic position in the European air network.

The move, announced in Paris, bolsters Lufthansa's reach into southern France and the Mediterranean region including Spain and Italy.

The airlines said they would work together on marketing, sales and customer services, and had plans for greater co-operation in ground handling, maintenance and cargo.

Lufthansa will serve as general sales agent for the French carrier in Germany, Spain and Italy.

Air Littoral will support Lufthansa in the French market through its 29 sales offices.

From September, the two will have a code-sharing agreement on 26 destinations, which means Lufthansa will be able to sell flights operated by Air Littoral under its own name.

Mr Marc Dufour, Air Littoral director general, said: "Now that French skies are open to a liberalised market, we can expand our regional base to a European level without losing our independence."

Air Littoral has a fleet of 35 aircraft based around two main hubs in Nice and Montpellier, the airline's headquarters. The move will include co-operation between the two airlines on frequent flyer programmes.

This alliance follows several others between Lufthansa and regional European airlines, such as British Midland.

To the Holders of

Middletown Trust

10⅞% Notes Series B due 1998

NOTICE IS HEREBY GIVEN that, pursuant to Article Eleven of the General Covenant, for the Sinking Fund due July 15, 1997 U.S. $22,575,000 of the Notes will be redeemed at 100% of their principal amount plus accrued interest to July 15, 1997, when interest on the Notes redeemed shall cease to accrue. Following the above redemption, U.S. $25,030,000 10⅞% Notes Series B due 1998 and U.S. $37,205,000 11¼% Notes Series C due 2010 will remain outstanding.

The redemption price and accrued interest are payable against surrender of the Bearer Notes together with all coupons maturing subsequent to July 15, 1997 at the offices of the Paying Agents outside of the United States listed below on or after July 15, 1997:–

The Chase Manhattan Bank, Window and Vault, Crosby Court, 38 Bishopsgate, London EC3N 4AJ, England

Chase Manhattan Bank Luxembourg, S.A., 5 Rue Plaetis, L-2338, Luxembourg-Grund

Banque Bruxelles Lambert, Avenue Marnix 24, 1000 Brussels, Belgium

Chase Manhattan Bank (Switzerland), 63 Rue du Rhône, CH-1204 Geneva 3, Switzerland

The serial numbers of U.S. $22,575,000 Bearer Notes to be redeemed are as follows:

4	883	1715	2587	3386	4241	5078	5862	6790	7761	8572	9462	10272	11018	11818	12629	13389	14168	14935	15743	16558	17348	18122	18885	19770
8	886	1720	2596	3397	4245	5079	5966	6791	7763	8577	9469	10278	11020	11819	12631	13390	14178	14938	15746	16564	17353	18124	18889	19773
10	889	1727	2602	3398	4255	5081	5969	6795	7764	8578	9470	10280	11023	11820	12644	13393	14188	14939	15747	16567	17356	18130	18895	19775
11	897	1735	2603	3403	4259	5092	5973	6799	7769	8581	9472	10281	11024	11827	12651	13395	14189	14940	15748	16569	17376	18132	18899	19776
15	898	1737	2604	3406	4272	5098	5979	6810	7772	8584	9481	10282	11026	11833	12655	13407	14191	14943	15752	16577	17382	18140	18903	19785
38	918	1742	2605	3409	4274	5105	5988	6820	7775	8585	9482	10294	11032	11835	12657	13411	14199	14948	15758	16581	17383	18141	18906	19794
37	925	1749	2612	3411	4278	5121	5989	6832	7786	8594	9486	10299	11037	11840	12663	13418	14200	14957	15759	16582	17388	18146	18910	19796
45	927	1754	2617	3416	4279	5127	5995	6833	7796	8596	9487	10301	11045	11843	12665	13419	14203	14958	15760	16584	17389	18147	18915	19802
47	937	1762	2622	3417	4280	5128	6000	6836	7804	8602	9489	10308	11053	11845	12671	13425	14208	14959	15766	16593	17393	18153	18923	19806
54	938	1768	2623	3418	4281	5133	6008	6865	7805	8612	9492	10311	11054	11846	12673	13433	14210	14968	15767	16601	17395	18155	18929	19808
55	941	1779	2624	3422	4284	5134	6010	6875	7808	8622	9499	10317	11055	11857	12675	13437	14211	14970	15770	16604	17396	18160	18938	19814
56	953	1781	2629	3426	4285	5137	6015	6876	7809	8632	9504	10319	11061	11868	12677	13438	14215	14971	15775	16613	17402	18175	18943	19818
61	962	1783	2634	3427	4287	5158	6018	6880	7812	8641	9515	10320	11064	11879	12684	13443	14216	14976	15778	16621	17410	18177	18956	19823
66	963	1784	2635	3431	4289	5159	6021	6882	7822	8650	9519	10321	11065	11884	12686	13453	14217	14988	15785	16631	17413	18180	18962	19824
69	973	1786	2650	3444	4290	5160	6024	6885	7827	8652	9524	10331	11066	11886	12687	13454	14221	14992	15788	16637	17420	18181	18963	19825
73	982	1790	2661	3452	4298	5176	6028	6889	7835	8662	9526	10332	11068	11894	12688	13456	14225	14998	15792	16643	17423	18184	18974	19830
76	983	1797	2668	3462	4303	5184	6034	6899	7837	8671	9541	10342	11073	11897	12700	13457	14226	14999	15795	16645	17424	18185	18982	19837
87	1003	1798	2669	3464	4304	5190	6035	6902	7841	8673	9543	10349	11082	11898	12702	13462	14250	15014	15805	16657	17425	18188	18988	19842
88	1009	1801	2675	3470	4311	5193	6039	6905	7842	8676	9548	10350	11092	11899	12709	13468	14253	15015	15813	16662	17426	18196	19003	19843
90	1010	1804	2679	3478	4313	5200	6051	6906	7846	8678	9552	10353	11102	11901	12710	13470	14258	15022	15824	16666	17429	18199	19006	19849
103	1023	1807	2682	3485	4316	5213	6053	6907	7851	8688	9554	10355	11106	11902	12711	13473	14260	15029	15827	16667	17431	18201	19011	19859
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838	1654	2547	3349	4179	5039	5942	6751	7717	8551	9441	10242	10974	11789	12595	13359	14127	14895	15708	16535	17311	18077	18852	19738	
841	1668	2553	3350	4188	5047	5948	6758	7725	8552	9442	10243	10980	11792	12597	13361	14131	14896	15710	16536	17314	18078	18864	19743	
847	1669	2558	3356	4191	5049	5951	6772	7732	8563	9446	10249	10986	11798	12600	13367	14149	14900	15716	16543	17318	18082	18865	19744	
849	1682	2559	3358	4197	5052	5954	6779	7735	8564	9448	10251	10987	11803	12613	13373	14153	14906	15717	16546	17322	18087	18872	19745	
851	1683	2562	3363	4199	5053	5957	6781	7744	8565	9452	10256	10989	11807	12615	13374	14155	14909	15722	16549	17326	18090	18873	19746	
864	1684	2564	3376	4206	5058	5958	6784	7748	8566	9453	10259	10999	11814	12622	13377	14158	14911	15734	16552	17335	18102	18877	19747	
876	1706	2579	3380	4210	5059	5959	6785	7749	8568	9454	10262	11001	11815	12625	13380	14164	14917	15737	16553	17336	18111	18883	19754	
880	1712	2580	3383	4240	5072	5961	6798	7759	8570	9459	10268	11012	11816	12626	13381	14166	14926	15740	16556	17347	18118	18884	19758	

The redemption price and accrued interest on the Registered Notes are payable at the office of the Registrar, Transfer Agent and Paying Agent, The Chase Manhattan Bank, Global Trust Services, 450 West 33rd Street, New York, NY 10001.

The Connecticut Bank and Trust Company
National Association as Trustee

Dated: May 9, 1997

COMPANIES AND FINANCE: UK

WH Smith plans to spin off US arm

By Christopher Price in Atlanta

WH Smith, the retail group, is in talks to spin off its US music business, The Wall, as part of a wave of rationalisation in the troubled US sector.

Smith is one of three groups involved in discussions about the future of a 350-store music chain called Camelot, which has sought protection from creditors under the Chapter 11 procedure. A price war in the industry has left a number of companies in Chapter 11 and forced others to make cuts.

Smith wants to put The Wall into a bigger grouping, probably via a joint venture and is talking to other music retailers as well as Camelot. One of them is believed to be Musicland, which accounts for almost a tenth of US sales. Although Smith intends to keep an equity stake in any combined group, it would cede management control.

The Wall, based in the north-east of the US, has about 200 stores. Trading profits last year were flat at £2.1m ($3.42m) on sales of £114.4m, as overcapacity in the industry depressed margins. In the year to May 31, analysts are forecasting the business will just remain in the black. Camelot, based in the mid-west, had sales of some $350m last year.

Mr John Hancock, head of Smith's US operations, confirmed that talks were taking place but refused to give further details.

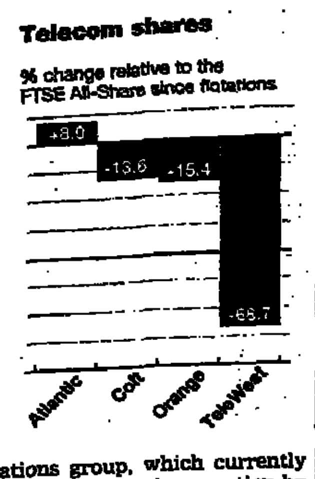
However, he said: "Consolidation needs to take place in the music industry and Smith wants to be part of it. The Wall is not big enough as it stands to be part of the endgame that is being played out."

Smith signalled its intention to consider options for The Wall last August when the strategic review initiated by its new chief executive, Mr Bill Cockburn, decided that the business was not core to the group. In particular, with Smith reporting its first loss in 204 years and investment focused on its UK retail operations, the problems of the US music market were deemed both secondary and too severe.

In the US, Smith prefers to concentrate its strategy on its retail travel business.

LEX COMMENT

Ionica



British investors have developed an aversion to start-ups issuing equity backed by discounted cash flow (DCF) calculations. Given burnt fingers over Eurotunnel and cable television stocks like Telewest, that is unsurprising. Plug in rosy assumptions about how many customers the start-up will attract and promoters have found it is easy to generate over-optimistic valuations. Prospective shareholders will therefore, no doubt, look at the forthcoming Ionica float with a jaded eye. Will the wireless telecommunications group, which currently has 22,000 customers, really have 3m lines in operation by 2004 – the core assumption made by SBC Warburg, its broker? The truth is nobody knows.

This high degree of uncertainty may seem a reason to avoid the float. But, ironically, it is one of the best reasons to take a close look. This is because Ionica's innovative wireless technology means it only has to invest £16 to pass each home. This is like a downpayment on an option. Further, larger sums of money need to be sunk when a customer actually signs up. But once they have, the prospects of making money are good; the "option" is effectively in the money. And, as with any option, the more uncertain the outcome at the start, the greater its value. Whether Ionica will indeed be a good investment, of course, depends on price. But given the bad experience of previous DCF-backed floats, the signs are that Warburg will price the issue at a big discount to the valuation implied by its calculations.

LucasVarity reaps benefits from savings

By Tim Burt

LucasVarity, the Anglo-US engineering group, reported a 16 per cent increase in first quarter profits as it enjoyed the first cost savings from its £250m ($407.5m) restructuring programme.

Announcing its first quarterly results since last year's £3.2bn merger of Lucas Industries and Varity Corporation, the company said it was on track to achieve annual savings of £120m.

The fruits of that restructuring, involving the sale of 13 non-core businesses and some 3,000 job losses, helped lift pre-tax profits from £62m to £72m on sales of £1.21bn (£1.11bn) in the three months to April 30.

"These results show the progress we are making in realising the merger-related benefits we had previously identified," said Mr Victor Rice, chief executive.

He added that the figures marked a "creditable start," given the mixed trading conditions and the effects of the strong pound on LucasVarity's motor components and aerospace activities. Operating profits would have been £6m higher had it not been for adverse currency movements, but they nevertheless rose 12 per cent to £86m (£77m). Mr Rice predicted the group would deliver modest growth this year, when analysts are forecasting underlying profits of £340-£345m (£282m).

Maiden first quarter earnings per share came in at 3.2p, and the company reiterated that it planned to offer shareholders a 2.25p interim dividend, combined with a share buy-back.

The company spent £30.1m in the period on repurchasing 15.5m shares.

The shares rose 7p to 211p yesterday.

Scapa aims for global expansion

By Virginia Marsh

Martin Rickett

(l-r) Derek Walter, financial director, Harry Tuley, chairman, David Dunn, chief executive

Scapa, the industrial materials maker, aims to more than double its share of the $5bn world technical tapes market to at least 10 per cent over the next three to five years.

Mr David Dunn, chief executive of the Lancashire-based group, spoke of the expansion as he revealed a 7 per cent rise in pre-tax profits to £66.5m ($108.39m) in the year to March 31, on flat sales of £526.8m (£525.8m). Profits would have been higher but for a £1.7m sterling translation impact.

Mr Dunn said that as part of the expansion, further acquisitions in North America were likely, as well as joint ventures or greenfield projects in Asia.

In January, Scapa, which manufactures in 16 countries, bought a US company that specialises in high temperature tapes. The group has recently opened an office in Malaysia.

The expansion means the share of papermaking products will continue to diminish, from nearly half of sales to about a third.

Mr Dunn said the group, whose share price has declined sharply this year, would not fund expansion through equity. There was scope to raise borrowing given current gearing of 31.6 per cent (40.3 per cent).

The paper division, which produces paper machine roll covers and clothing, contributed £45.6m (£45.7m) to group operating profits up 6.8 per cent at £75.8m in the year to March 31.

The increase came mainly from a near-20 per cent rise to £30.2m in profits at the tapes and speciality materials division.

Scapa said full-year contributions from two US tape companies purchased in 1995 were partly behind the profit increase.

UK-based businesses produced £18m (£19.2m) of operating profits, whereas North American operations contributed £37.9m (£31.8m). Gross group capital expenditure was £32.3m.

Earnings per share were up 7.3 per cent at 19p. A final dividend of 5.28p (4.89p) is proposed, giving a total payout of 7.2p. The shares rose 15½p to 214p.

New businesses fuel FKI advance

By Tim Burt

FKI, the industrial engineering group, yesterday announced a near-25 per cent increase in underlying profits after new businesses helped lift sales above £1bn ($1.63bn) for the first time.

The company, which has spent £330m on acquisitions in the past two years, saw profits jump from £90.1m to £112.1m before exceptional items, on sales edging past £1bn (£873m) in the year to March 31.

Mr Bob Beeston, chief executive, said the improvement had been fuelled partly by maiden profits of £12.3m from the Hawker Siddeley electric power group – acquired from BTR for £182.5m last year – and Nuova Marelli Motori, the Italian motor manufacturer purchased for £52.3m last summer.

However, one-off charges of £24.5m, reduced the full-year pre-tax profits slightly to £87.6m. The charges – to cover restructuring and the costs of FKI's abortive £190m bid for Newman Tonks, the architectural hardware company, overshadowed a record year, according to Mr Beeston.

JM defies weak metal prices with 5% rise

By Tim Burt

Sharply increased demand for specialist computer components and a recovery in catalytic converters enabled Johnson Matthey to lift operating profits 5 per cent last year.

The precious metals and engineering technology group announced operating profits up from £111m to £116.3m ($190m) for the year to March 31, though weak metal prices cut turnover from £2.53bn to £2.42bn.

Mr David Davies, chairman, said the figures reflected strong growth at ACI – the US manufacturer of multi-layer printed circuit boards acquired for $170m in 1995 – which made its first 12-month contribution.

That helped lift profits in the electronic materials division by 21 per cent to £30.9m (£25.5m). "It was a tremendous result, particularly as the semiconductor market as a whole shrank by 10 per cent last year," he added.

The figures also reflected a bounce-back in the catalytic systems arm, where profits rose to £34.1m (£36.2m) as customers including Chrysler and Volkswagen increased orders. Last time, the division suffered a heavy fall in profits following the loss of a large contract with General Motors, which is suing Johnson Matthey in the US over the alleged theft of precious metals.

Mr Chris Clark, chief operating officer, said the company had plugged the gap left by the GM contract and vowed to fight the long-running legal action. He also highlighted increased gains in the precious metals division, where profits reached £44m (£42.2m) even though falling metal prices cut sales from £1.93bn to £1.72bn.

That helped offset a disappointing performance from Cookson Matthey Ceramics, the joint venture with Cookson Group. Profits there fell by 36 per cent to £15.3m (£23.8m) as weak demand from the construction industry depressed sales of zircon, the mineral used in tile manufacturing.

Earnings per share rose to 36p (34.4p). A proposed final dividend of 10.8p (10.1p) lifts the total to 15.5p (14.5p).

NEWS DIGEST

BAA passengers in 9% increase

BAA's seven UK airports handled 8.9m passengers in May – an increase of 8.9 per cent on last year. Sir John Egan, chief executive, said the figures highlighted Stansted's breakthrough above the 5m passenger level and a general recovery in the European charter market.

Gatwick saw a 17.2 per cent total increase: its north Atlantic traffic and other long haul routes increased by 13.3 per cent and 22.5 per cent respectively, the latter reflecting the transfer of several British Airways routes from Heathrow last year.

The transfer has seen short haul feeder traffic rise, with domestic traffic up 16.5 per cent and European scheduled routes up 19.2 per cent.

Stansted saw an overall increase of 12.1 per cent, Southampton 13.2 per cent, Glasgow 10.9 per cent and Heathrow 4.7 per cent. The shares rose 17½p to 567½p.

Paragon in £36m purchase

Paragon, the centralised lender, has acquired its third mortgage portfolio in two years with the £36m ($58.68m) cash purchase of Société Genéral's UK accounts.

The French bank's portfolio comprises 710 loan accounts secured by first mortgages on residential property. Mr Nigel Terrington, Paragon's chief executive, said: "As this will involve very little in the way of extra administration costs it will provide a very helpful margin benefit to the bottom line."

Card Clear pursues US buy

Card Clear, the card payment and fraud prevention services group, announced yesterday that it was still in talks to acquire Transaction Billing Resources of the US. Card Clear first announced its interest in the company, which services the telecommunications industry, in March, when it agreed terms in principle valuing TBR at between $10m (£6.1m) and $11m.

The shares were unchanged at 43½p.

CPL Aromas falls into loss

CPL Aromas, the distributor of flavours and fragrances, fell into a pre-tax loss of £561,000 ($914,000) last year, after exceptional costs of £3.5m for restructuring its overseas operations and writing-off development costs at its Aromachem division.

Before exceptionals the pre-tax line for the 12 months to March 31 was £2.96m (£2.92m) on turnover of £33.2m (£28.7m).

The 15.9 per cent rise in sales was largely because of the contribution of Du Crocq Aromatics, acquired in March 1996 although trading had been badly affected by the unexpected loss of substantial business in Japan.

PacifiCorp to launch £3.4bn bid

By Simon Holberton

PacifiCorp, the big US utility, is expected today to announce a £3.36bn ($5.47bn) bid for Energy Group, the Anglo-American energy company recently demerged from Hanson.

After three days of intensive negotiations it is understood that the Energy Group board, barring unforeseen developments, will recommend shareholder acceptance of the US group's offer at about 696p a share.

Energy Group is an amalgam of Hanson's energy interests and consists of Eastern Group, the only vertically intergrated utility in England and Wales, and Peabody Coal, the US based miner that is world's largest private coal company.

Questions were asked yesterday in the City about PacifiCorp's ability to finance the transaction without substantial asset sales.

By one analyst's reckoning, PacifiCorp would have debt of $14.2bn against equity of $6bn in the absence of asset sales to help pay for the deal. It is understood, however, that PacifiCorp intends to sell Pacific Telecom, its telecommunications subsidiary, and other assets including property to help fund the acquisition. These sales could raise some $2bn.

Some, however, think the company may have to embark upon a more radical plan of asset disposals that might include a separate stock exchange listing for Eastern Group, Energy Group's UK subsidiary.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alphameric	Yr to Mar 31	14.1	(14.7)	1.12	(0.14L♠)	2	(0.3L)	nil	-	nil	nil	nil
Cedardata	Yr to Mar 31	10.36	(12.07)	1.59	(4.38)	3.6†	(9.5)	0.7	July 18	2.69	2.27	4
CPL Aromas	Yr to Mar 31	33.2	(28.7)	0.56L♠	(2.93)	6.4L	(18.4)	2.9	Jul 30	2.9	4.8	4.8
Daily Mail	6 mths to Mar 30	545	(476.6)	65.6♥	(41♥)	41.5	(25.9)	7	July 11	4.6	-	19.4
Dewhurst	6 mths to Mar 30	8.3	(7.77)	0.615	(0.553)	3.45	(3.15)	0.96	Sept 1	0.93	-	2.73
Eurodollar	Yr to Mar 31	107.4	(96.2)	8.25	(3.76♠)	12.67	(6.15)	4.5	Aug 5	1	6.5	4.12
FKI	Yr to Mar 31	1,003	(873)	87.6♠	(90.1)	9.22	(11.3)	3.5	Oct 6	3	6	5.2
Fuller Smith	Yr to Mar 29	102.1	(91.4)	11♠	(10.6)	30.71	(30.18)	6.93#	July 1	6.3	10.03	9.22
Gartland Whalley Φ	6 mths to Apr 30 ✣	25.1	(31.5)	15.6	(6.91)	13†	(5.6)	1.2	July 1	-	-	0.32
Hartstone	Yr to Mar 31	195	(213)	2.13L♠	(0.039)	1.3L	(0.2L)	0.32	Aug 22	0.32	0.48	0.48
Johnson Matthey	Yr to Mar 31	2,580	(2,686)	108.3	(102.2)	36†	(34.4)	10.8	Aug 4	10.1	15.5	14.5
JLI	Yr to Mar 31	68.6	(82.1)	8.6L♠	(2.51♥)	20.6L	(5.4)	3.3	Sept 5	3.3	4.95	4.95
LucasVarity	3 mths to Apr 30 ✣	1,206	(1,111)	72.1	(62)	3.2	(-)	-	-	-	-	2.25
Morland	6 mths to Mar 31	43.9	(37.2)	6.83	(6.09)	17.3†	(15.5)	3.79	July 18	3.6	-	12.75
Protean	Yr to Mar 31	81.1	(72.9)	8.74♠	(10.3)	13.3†	(17.2)	5	July 31	5	6.6	6.6
Scapa	Yr to Mar 31	526.8	(525.8)	66.5	(62.3)	19	(17.7)	5.28	Aug 15	4.89	7.2	6.68
Scottish Hydro	Yr to Mar 31	951.1	(887.4)	205.4	(195.1)	42.4	(38.7)	12.36	Oct 1	11.01	17.64	15.76
Shelton (Martin) Φ	Yr to Mar 31	6.97	(6.79)	0.429	(0.688)	5.59	(9.63)	3#	June 30	3	4.25	4.25
St James Beach	Yr to Mar 31	17.3	(16.2)	3.9	(1.4)	14.8	(4.4)	4	Aug 18	3.3	5.75	4.8
Tex	Yr to Mar 31	26.9	(22.7)	1.56♠	(0.323♠)	14.4	(2.3)	3	Aug 22	2	5	2

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Gartmore Select	54 wks to May 31	71.6	(95.5)	0.098L	(-)	0.49L	(-)	-	-	-	-	-
Turkey	6 mths to Apr 30	264.28	(284.78)	0.015	(0.15L)	0.15	(1.52L)	-	-	-	-	3.6

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. #Second interim in lieu of final. ✣Comperatives pro forma. ΦAim stock.

N.V. Vandemoortele International

Information for holder of certificates

In the General Meeting of shareholders held on June 10, 1997, it was decided to pay a gross dividend of Bfr. 240 per certificate over the year 1996.

The net dividend of Bfr. 180 per certificate will be payable at the office of F. van Lanschot Bankiers N.V., Hooge Steenweg 29, 's-Hertogenbosch and at the office of F. van Lanschot Bankiers (Luxembourg) S.A., 3 Boulevard Prince Henri, Luxembourg, as from June 11, 1997 against delivery of the dividend coupon nr. 9 of the certificates of privileged shares.

Stichting Administratiekantoor van Bevoorrechte Aandelen van N.V. Vandemoortele International, Hoogt Steenweg 29, 's-Hertogenbosch

June 11, 1997

STE
(Securities Board of The Netherlands)

Pursuant to article 7 of the Major Holdings in Listed Companies Disclosure Act 1996 (Wmz 1996) the STE discloses the following notification(s):

AEGON N.V., Mariahoeveplein 50, 2591 TV The Hague (Registered office: The Hague), The Netherlands in ABN AMRO Holding N.V.

Total capital interest	: 9.99%	Total voting rights	: -
A direct actual	: -	B direct actual	: -
C direct potential	: -	D direct potential	: -
E indirect actual	: 9.99%	F indirect actual	: -
G indirect potential	: -	H indirect potential	: -

Date on which the notification duty arose: 3rd June 1997

RMS 1
Residential Mortgage Securities 1 plc
Mortgage Backed Floating Rate Notes due 2034

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 10th June, 1997 to 9th September, 1997, the interest rate will be 6.87266 per cent. for the Class A Notes, 7.12266 per cent. for the Class M Notes and 9.72266 per cent. for the Class B Notes. The interest payable on each denomination on 9th September, 1997 will be £153.14, £177.58 and £242.40 respectively.

Bankers Trust Company, London Agent Bank

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+44 0171 873 4027

intrum justitia

(Registered in Curaçao No. 41415)

Notice to Holders of Bearer Share Certificates

The holders of bearer share certificates of Intrum Justitia N.V., "the company" are hereby notified that the bearer shares must be converted into registered shares.

Article 15 paragraph 6 of the articles of association stipulates that after the period of five years mentioned in paragraph 1 of this article 15 (as from the date of the amendment of articles of association, i.e. July 8, 1992) bearer shares must have been converted into registered shares, and the holder of the bearer share certificates in the company can no longer exercise the rights to which such shares are entitled (voting rights and rights to dividends) and such shares will not be considered issued and outstanding in all cases where the taking of a resolution by the general meeting of shareholders the issued and outstanding capital must be calculated, until such bearer share certificates have been delivered to the company for conversion into registered shares.

Curaçao, 13 June 1997

GIVE US A STAPLE

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CURRENCIES AND MONEY

Dollar rebounds against the yen

MARKETS REPORT

By Wolfgang Münchau

The markets yesterday took their cue from the Japanese finance ministry, leaving no doubt that Japan does not want an overvalued yen. In response, the US-dollar, which had fallen to Y111.3 on Wednesday bounced back vigorously to an overnight peak of Y115.70, closing in London at Y113.9.

What was previously seen by the markets as a target zone of between Y110-Y120, is now increasingly looking to be Y113-Y117 or even Y115-Y120.

Prospects that the disputed stability pact could be signed after all at next week's EU summit weakened the D-Mark. The dollar ended at DM1.724, up 0.9 pfennigs. The pound rose by 1.1 pfennigs to DM2.8184.

■ If European economic and monetary union (Emu) starts as scheduled, what kind of currency will the euro be? The general consensus is that the euro will be a hard currency – for all the wrong reasons.

International investors and central banks will probably adjust their portfolios to achieve a greater weighting in euros than their combined holding of national European currencies.

Also, the future European Central Bank (ECB) will try to establish credibility early on, which means it will err on side of a tight monetary policy. In this scenario it matters little whether Emu itself is going to be based on sound or unsound economic policies.

In its latest economic outlook, the Organisation for Economic Co-Operation (OECD) considers the case of euro volatility against other currencies, notably the dollar and the yen. It says that markets may not think that Emu would have a big effect on exchange rates. But this is by no means certain.

It says that the three largest regions – the US, the euro-area and Japan – will have limited trade exposure and well-diversified trading patterns. As a result "all three may be willing to put little weight on bilateral exchange rate fluctuations when assessing inflation prospects, particularly as the cost of somewhat more exchange rate volatility among them may as a result be fairly small. If so, Emu may lead to greater bilateral exchange rate volatility against the dollar and the yen than European countries have experienced in the past."

The OECD also considers the opposite scenario. It argues that there could be a trade-off between currency volatility of the euro and the degree to which the various Euro economies can adjust to economic shocks. "In this regard, it will be necessary for member countries to reduce relatively quickly structural rigidities in labour and product markets. If successful, less reliance would need to be put on exchange rate adjustment to response to adverse events and more on the Emu internal market."

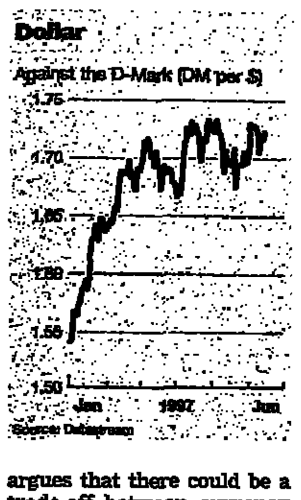
■ Over the next few days, the foreign exchange markets will be looking nervously to Amsterdam, where EU leaders hold their semi-annual summit, hoping to conclude the inter-government conference and finalise the Emu stability pact. The latest indications are that the French and the Germans may agree a compromise. If so, the stability pact will be signed unmodified in return for a French-inspired protocol outlining policy co-ordination to help the EU's job market.

There are even rumours of an increase of the European Investment Bank's borrowing facilities on lines similar to plans once proposed by Mr Jacques Delors, the former president of the European Commission.

Mr Avinash Persaud, currency strategist at JP Morgan, said "the combination of a softened path to Emu with the commitment that Emu would be a hard place for fiscal recalcitrants, could be enough to put the Emu Humpty Dumpty back together again." He added that the markets would be focusing more on the soft path towards Emu – amid expectations towards a "soft" interpretation of the Maastricht Treaty's qualifying criteria – rather than the fiscal disciplines entailed in the stability pact. As a result, the D-Mark could come under pressure versus the dollar, sterling and the yen if the stability pact is agreed.

Dollar

Against the D-Mark (DM per $)



Source: Datastream

■ Pound in New York

Jun 12	--Latest--	-- Prev. close --
£ spot	1.6345	1.6380
1 mth	1.6334	1.6369
3 mth	1.6309	1.6345
1 yr	1.6207	1.6240

■ OTHER CURRENCIES

Jun 12	£	$
Czech Rp	52.5378 - 52.7286	32.1450 - 32.2440
Hungary	301.792 - 302.040	184.650 - 184.700
Iran	4905.90 - 4903.20	3000.00 - 3008.00
Kuwait	0.4942 - 0.4962	0.3024 - 0.3034
Poland	5.2791 - 5.2869	3.2300 - 3.2330
Russia	9417.41 - 9427.50	5762.00 - 5765.00
U.A.E.	5.9999 - 6.0065	3.6710 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Jun 12		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.8345	+0.0791	236 - 453	19.8453	19.7483	19.781	3.2	19.693	2.9	-	-	102.8
Belgium	(BFr)	58.1690	+0.2295	193 - 187	58.2167	57.8630	58.013	3.2	57.698	3.2	56.268	3.3	102.6
Denmark	(DKr)	10.7294	+0.0399	243 - 344	10.7344	10.6970	10.7039	2.9	10.6514	2.9	10.4299	2.8	105.3
Finland	(FM)	8.4598	+0.0296	526 - 671	8.4871	8.4060	-	-	-	-	-	-	82.3
France	(FFr)	9.5124	+0.0199	061 - 186	9.5318	9.4932	9.4882	3.1	9.4403	3.0	9.2177	3.1	105.3
Germany	(DM)	2.8184	+0.0113	171 - 197	2.8198	2.8086	2.8108	3.2	2.7948	3.3	2.7245	3.3	103.8
Greece	(Dr)	447.459	+1.576	254 - 663	448.663	445.681	-	-	-	-	-	-	65.1
Ireland	(I£)	1.0765	-0.0052	744 - 786	1.0882	1.0756	1.0766	-0.1	1.0756	0.3	1.0686	0.7	99.3
Italy	(L)	2770.25	+4.21	867 - 183	2781.42	2765.01	2772.15	-0.8	2773.55	-0.5	2759.65	0.4	76.2
Luxembourg	(LFr)	58.1690	+0.2295	193 - 187	58.2167	57.8630	58.013	3.2	57.698	3.2	56.268	3.3	102.6
Netherlands	(Fl)	3.1697	+0.0121	681 - 713	3.1738	3.1602	3.1612	3.2	3.1433	3.3	3.0651	3.3	102.2
Norway	(NKr)	11.7687	+0.0492	613 - 760	11.7780	11.6760	11.7382	3.1	11.6787	3.1	11.4327	2.9	97.3
Portugal	(Es)	285.142	+0.991	023 - 262	285.295	284.454	284.992	0.6	284.817	0.7	-	-	93.3
Spain	(Pta)	238.206	+0.727	116 - 296	238.350	237.700	238.046	0.8	237.606	1.0	234.851	1.4	77.4
Sweden	(SKr)	12.7008	-0.0081	932 - 084	12.7277	12.6666	12.6793	2.0	12.6313	2.2	12.4373	2.1	83.5
Switzerland	(SFr)	2.3596	+0.008	581 - 610	2.3639	2.3540	2.3502	4.8	2.3311	4.8	2.2471	4.8	105.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	99.6
Ecu	-	1.4464	+0.004	453 - 474	1.4474	1.4422	1.4437	2.2	1.4378	2.4	1.4107	2.5	-
SDR†	-	1.169960	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6347	-0.0021	342 - 351	1.6373	1.6308	-	-	-	-	-	-	-
Brazil	(R$)	1.7553	-0.0012	545 - 560	1.7589	1.7504	-	-	-	-	-	-	-
Canada	(C$)	2.2577	-0.0122	566 - 587	2.2719	2.2574	2.2514	3.3	2.24	3.1	2.1982	2.6	84.5
Mexico	(New Peso)	13.0102	-0.0461	984 - 219	13.0829	12.9933	-	-	-	-	-	-	-
USA	($)	1.6349	-0.0022	344 - 353	1.6375	1.6310	1.6337	0.9	1.6314	0.9	1.6214	0.8	102.4
Pacific/Middle East/Africa													
Australia	(A$)	2.1719	+0.0146	705 - 732	2.1775	2.1623	2.1713	0.3	2.1694	0.5	2.1593	0.6	92.2
Hong Kong	(HK$)	12.6595	-0.0134	552 - 638	12.6759	12.6283	12.6535	0.6	12.6429	0.5	12.6082	0.4	-
India	(Rs)	58.5665	-0.0412	115 - 255	58.6255	58.4630	-	-	-	-	-	-	-
Israel	(Shk)	5.5660	+0.0037	599 - 760	5.5760	5.5540	-	-	-	-	-	-	-
Japan	(Y)	186.275	+3.998	158 - 392	188.950	182.080	185.215	6.8	183.205	6.6	174.39	6.4	133.6
Malaysia	(M$)	4.1035	-0.0125	015 - 054	4.1170	4.0858	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3651	+0.0003	632 - 669	2.3758	2.3654	2.3649	0.1	2.3659	-0.1	2.3731	-0.3	113.3
Philippines	(Peso)	43.1241	-0.058	828 - 654	43.1654	43.1645	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1318	-0.0081	298 - 337	6.1414	6.1174	-	-	-	-	-	-	-
Singapore	(S$)	2.3276	+0.0058	261 - 290	2.3290	2.3186	-	-	-	-	-	-	-
South Africa	(R)	7.3528	-0.0082	483 - 572	7.3627	7.3408	-	-	-	-	-	-	-
South Korea	(Won)	1455.02	-2.77	135 - 869	1458.69	1453.06	-	-	-	-	-	-	-
Taiwan	(T$)	45.5797	-0.0531	344 - 249	45.6249	45.4755	-	-	-	-	-	-	-
Thailand	(Bt)	39.3182	+0.1927	256 - 107	42.1090	38.8690	-	-	-	-	-	-	-

† Rates for Jun 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jun 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	12.1323	+0.0648	290 - 356	12.1420	12.0600	12.1098	2.2	12.0611	2.3	11.8123	2.8	102.5
Belgium	(BFr)	35.5800	+0.188	600 - 000	35.6170	35.4100	35.505	2.5	35.35	2.6	34.61	2.7	102.7
Denmark	(DKr)	6.5629	+0.0332	616 - 642	6.5728	6.5345	6.5511	2.1	6.5264	2.2	6.4144	2.3	104.6
Finland	(FM)	5.1747	+0.025	717 - 777	5.1820	5.1444	5.1627	2.8	5.1384	2.8	5.0302	2.8	81.4
France	(FFr)	5.8185	+0.02	175 - 195	5.8398	5.8050	5.8068	2.4	5.7841	2.4	5.669	2.6	104.5
Germany	(DM)	1.7240	+0.0092	236 - 243	1.7260	1.7155	1.7203	2.6	1.7126	2.6	1.6757	2.8	103.4
Greece	(Dr)	273.700	+1.33	650 - 750	274.840	272.530	274.585	-3.9	276.125	-3.5	282.4	-3.2	64.6
Ireland	(I£)	1.5167	+0.0052	162 - 212	1.5212	1.5070	1.516	0.5	1.5174	0.3	1.5142	0.3	-
Italy	(L)	1694.50	+4.85	400 - 500	1701.80	1692.38	1696.4	-1.3	1699.1	-1.1	1701.36	-0.4	75.7
Luxembourg	(LFr)	35.5800	+0.188	600 - 000	35.6170	35.4100	35.505	2.5	35.35	2.6	34.61	2.7	102.7
Netherlands	(Fl)	1.9389	+0.0101	384 - 393	1.9412	1.9310	1.9348	2.5	1.9262	2.6	1.8858	2.7	102.2
Norway	(NKr)	7.1986	+0.0397	961 - 011	7.2044	7.1465	7.1813	2.9	7.1559	2.4	7.0301	2.3	96.6
Portugal	(Es)	174.415	+0.84	390 - 440	174.770	173.730	174.4	0.1	174.335	0.2	173.025	0.8	93.7
Spain	(Pta)	145.705	+0.64	690 - 720	146.000	145.340	145.705	0.0	145.628	0.2	144.37	0.9	76.9
Sweden	(SKr)	7.7688	+0.0055	663 - 713	7.7893	7.7500	7.7594	1.4	7.7388	1.5	7.6443	1.6	82.7
Switzerland	(SFr)	1.4433	+0.0088	428 - 438	1.4460	1.4380	1.4385	4.0	1.4287	4.0	1.383	4.2	104.8
UK	(£)	1.6349	-0.0022	344 - 353	1.6375	1.6310	1.6337	0.9	1.6314	0.9	1.6214	0.8	99.1
Ecu	-	1.1303	-0.0047	298 - 308	1.1324	1.1282	1.1318	-1.5	1.1351	-1.7	1.1527	-2.0	-
SDR†	-	0.71535	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	999 - 999	0.9999	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	1.0737	+0.0007	735 - 738	1.0738	1.0732	-	-	-	-	-	-	-
Canada	(C$)	1.3810	-0.0058	807 - 812	1.3890	1.3807	1.378	2.6	1.3725	2.5	1.3535	2.0	83.6
Mexico	(New Peso)	7.9580	-0.0175	530 - 630	7.9640	7.9540	8.0665	-16.4	8.268	-15.6	9.263	-16.4	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3285	+0.0107	280 - 289	1.3289	1.3280	1.3289	-0.4	1.329	-0.2	1.328	0.0	94.1
Hong Kong	(HK$)	7.7435	+0.0022	430 - 440	7.7440	7.7420	7.7445	-0.2	7.7459	-0.1	7.758	-0.2	-
India	(Rs)	35.8250	+0.023	000 - 500	35.8700	35.8000	35.915	-3.0	36.2	-4.2	34.005	5.1	-
Israel	(Shk)	3.4058	+0.0068	018 - 098	3.4098	3.4018	-	-	-	-	-	-	-
Japan	(Y)	113.940	+2.595	900 - 980	115.700	111.200	113.365	5.8	112.28	5.8	107.38	5.8	137.5
Malaysia	(M$)	2.5100	-0.0043	095 - 105	2.5158	2.5020	2.5122	-1.1	2.5164	-1.0	2.5333	-0.9	-
New Zealand	(NZ$)	1.4467	+0.0021	459 - 474	1.4503	1.4459	1.4475	-0.7	1.4499	-0.9	1.46	-0.9	-
Philippines	(Peso)	26.3780	-	600 - 960	26.3960	26.3600	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0001	505 - 508	3.7508	3.7505	3.751	-0.1	3.7515	-0.1	3.7544	-0.1	-
Singapore	(S$)	1.4237	+0.0054	232 - 242	1.4245	1.4203	1.4221	1.4	1.418	1.6	1.3962	1.9	-
South Africa	(R)	4.4975	+0.001	960 - 990	4.5010	4.4960	4.537	-10.5	4.6145	-10.4	4.9125	-9.2	-
South Korea	(Won)	890.000	-0.5	000 - 000	892.000	888.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.8800	+0.005	600 - 000	27.9000	27.8800	27.8806	0.0	27.882	0.0	27.8863	0.0	-
Thailand	(Bt)	24.0500	+0.15	000 - 000	25.7800	23.7500	24.1113	-3.1	24.235	-3.1	24.605	-3.1	-

† SDR rate per $ for Jun 11. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jun 11: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

June 12	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3 1/8	3 1/8	3 1/4	3 1/8	3 13/32	6.00	2.50	-
France	3 1/4	3 7/32	3 9/32	3 3/8	3 1/2	3.10	-	4.75
Germany	3	2 15/16	3 1/32	3 1/8	3 1/4	4.50	2.50	3.00
Ireland	6	6 1/4	6 3/8	6 3/8	6 1/4	-	-	6.75
Italy	6 9/16	6 9/16	6 3/4	6 3/4	6 5/8	8.25	6.75	6.78
Netherlands	3 1/8	3 1/4	3 1/8	3 11/32	3 1/2	-	2.50	2.90
Switzerland	3/4	1 5/8	1 1/4	1 5/8	1 1/2	-	1.00	-
US	5 1/2	5 1/2	5 5/8	5 3/4	6 1/8	-	5.00	-
Japan	1/2	9/16	9/16	5/8	11/16	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 11/16	5 13/16	5 15/16	6 1/8	-	-	-
US Dollar CDs	-	5.45	5.58	5.72	6.00	-	-	-
ECU Linked Ds	-	4 1/8	4 1/8	4 1/8	4 5/16	-	-	-
SDR Linked Ds	-	3 7/16	3 9/16	3 11/16	3 7/8	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jun 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 3/4 - 3 1/4	3 11/32 - 3 7/32	3 11/32 - 3 7/32	3 3/8 - 3 1/4	3 3/8 - 3 1/4	3 7/16 - 3 11/32
Danish Krone	3 19/32 - 3 1/2	3 17/32 - 3 13/32	3 5/8 - 3 1/2	3 5/8 - 3 1/2	3 11/16 - 3 9/16	3 13/16 - 3 23/32
German Mark	3 1/8 - 2 7/8	3 1/8 - 2 7/8	3 1/16 - 2 15/16	3 1/8 - 2 7/8	3 3/16 - 3 1/16	3 1/4 - 3
Dutch Guilder	3 - 2 13/16	3 3/32 - 2 29/32	3 3/32 - 3 1/32	3 5/32 - 3 1/32	3 13/32 - 3 5/32	3 1/2 - 3 3/8
French Franc	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 11/32 - 3 1/4	3 13/32 - 3 5/16	3 9/16 - 3 13/32	3 5/8 - 3 1/2
Portuguese Esc.	6 3/16 - 6	6 3/16 - 6 1/16	6 1/16 - 5 29/32	5 7/8 - 5 3/4	5 5/8 - 5 15/32	5 1/2 - 5 3/8
Spanish Peseta	5 3/8 - 5 13/32	5 15/32 - 5 3/8	5 3/8 - 5 1/4	5 3/8 - 5 5/16	5 1/8 - 5 1/32	5 1/8 - 5 1/16
Sterling	6 3/16 - 6 1/4	6 5/16 - 6 1/4	6 17/32 - 6 13/32	6 23/32 - 6 19/32	6 29/32 - 6 3/4	7 1/32 - 6 29/32
Swiss Franc	1 - 1/2	1 1/8 - 7/8	1 5/16 - 1 3/16	1 5/16 - 1 3/16	1 3/8 - 1 1/4	1 5/8 - 1 1/2
Canadian Dollar	3 1/8 - 3	3 1/16 - 2 15/16	3 1/8 - 3	3 1/4 - 3 1/8	3 7/16 - 3 5/16	3 27/32 - 3 23/32
US Dollar	5 7/16 - 5 5/16	5 5/8 - 5 1/2	5 5/8 - 5 1/2	5 13/16 - 5 11/16	5 31/32 - 5 27/32	6 1/8 - 6
Italian Lira	7 1/2 - 8 1/2	6 23/32 - 6 13/16	6 7/8 - 6 23/32	6 7/8 - 6 23/32	6 27/32 - 6 23/32	6 25/32 - 6 5/8
Japanese Yen	1/2 - 13/32	1/2 - 3/8	17/32 - 13/32	17/32 - 13/32	19/32 - 1/2	23/32 - 11/16
Asian $Sing	3 3/4 - 3 5/8	4 - 3 7/8	3 3/4 - 3 5/8	3 13/16 - 3 11/16	3 13/16 - 3 11/16	3 7/8 - 3 3/4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.54	96.57	+0.05	96.58	96.53	20,360	56,126
Sep	96.45	96.49	+0.07	96.50	96.43	38,913	62,418
Dec	96.44	96.47	+0.06	96.47	96.41	804	34,150

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.86	96.88	+0.01	96.89	96.86	26659	189846
Sep	96.82	96.85	+0.03	96.85	96.82	27340	250585
Dec	96.72	96.76	+0.04	96.76	96.71	26794	258244
Mar	96.61	96.66	+0.05	96.67	96.60	32867	227577

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.90	96.91	+0.02	96.91	96.90	1543	2743
Jul		96.91	+0.02			0	361
Aug		96.89	+0.02			0	140
Sep		96.87	+0.02			0	3

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.12	93.18	+0.07	93.20	93.11	26320	64391
Sep	93.33	93.42	+0.09	93.46	93.33	47006	111934
Dec	93.57	93.66	+0.12	93.67	93.56	17133	63805
Mar	93.69	93.80	+0.14	93.80	93.68	12212	41646

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.67	98.70	+0.04	98.71	98.66	3158	33225
Sep	98.58	98.60	+0.03	98.61	98.54	12205	61929
Dec	98.41	98.43	+0.03	98.44	98.37	4440	37581
Mar	98.30	98.31	+0.03	98.31	98.25	971	14827

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		99.39	-0.01			0	na
Sep	99.29	99.29	-	99.29	99.28	100	na
Dec	99.05	99.05	-0.01	99.06	99.05	450	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.83	95.85	+0.03	95.85	95.79	790	6368
Sep	95.80	95.86	+0.06	95.87	95.80	1622	7368
Dec	95.77	95.83	+0.07	95.81	95.76	227	5636
Mar	95.72	95.77	+0.07	95.75	95.70	148	3993

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9300	0.19	0.54	0.81	0.01	0.12	0.15
9325	0.01	0.36	0.62	0.08	0.19	0.21
9350	0	0.21	0.46	0.32	0.29	0.30

Est. vol. total, Calls 10610 Puts 3582. Previous day's open int., Calls 193328 Puts 95823

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jun 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.45	16.35	4.845	1.851	4763	5.449	20.23	490.2	409.5	21.83	4.057	1.719	3.881	2.811	320.2	2.487
Denmark	(DKr)	54.21	10	8.866	2.627	1.003	2582	2.954	10.97	265.8	222.0	11.84	2.199	0.932	2.104	1.524	173.6	1.348
France	(FFr)	61.15	11.28	10	2.963	1.132	2912	3.332	12.37	299.8	250.4	13.35	2.481	1.051	2.373	1.719	195.8	1.521
Germany	(DM)	20.64	3.807	3.375	1	0.382	982.9	1.125	4.176	101.2	84.52	4.506	0.837	0.355	0.801	0.580	66.09	0.513
Ireland	(I£)	54.04	9.967	8.837	2.618	1	2573	2.945	10.93	264.9	221.3	11.80	2.192	0.929	2.097	1.519	173.0	1.344
Italy	(L)	2.100	0.387	0.343	0.102	0.039	100	0.114	0.425	10.29	8.598	0.458	0.085	0.036	0.082	0.059	6.724	0.052
Netherlands	(Fl)	18.35	3.385	3.001	0.889	0.340	873.9	1	3.713	89.96	75.15	4.007	0.744	0.315	0.712	0.516	58.77	0.456
Norway	(NKr)	49.43	9.117	8.083	2.395	0.915	2354	2.693	10	242.3	202.4	10.79	2.005	0.850	1.918	1.389	158.3	1.229
Portugal	(Es)	20.40	3.763	3.336	0.988	0.378	971.5	1.112	4.127	100	83.54	4.454	0.828	0.351	0.792	0.573	65.33	0.507
Spain	(Pta)	24.42	4.504	3.993	1.183	0.452	1163	1.331	4.941	119.7	100	5.332	0.991	0.420	0.948	0.686	78.20	0.607
Sweden	(SKr)	45.80	8.448	7.490	2.219	0.848	2181	2.496	9.266	224.5	187.6	10	1.858	0.787	1.778	1.287	146.7	1.139
Switzerland	(SFr)	24.65	4.547	4.031	1.194	0.456	1174	1.343	4.988	120.8	101.0	5.383	1	0.424	0.957	0.693	78.94	0.613
UK	(£)	58.17	10.73	9.513	2.819	1.077	2770	3.170	11.77	285.2	238.2	12.70	2.360	1	2.258	1.635	186.3	1.446
Canada	(C$)	25.76	4.752	4.213	1.248	0.477	1227	1.404	5.213	126.3	105.5	5.625	1.045	0.443	1	0.724	82.51	0.641
USA	($)	35.58	6.563	5.819	1.724	0.658	1695	1.939	7.199	174.4	145.7	7.769	1.443	0.612	1.381	1	113.9	0.885
Japan	(Y)	31.23	5.760	5.107	1.513	0.578	1487	1.702	6.318	153.1	127.9	6.818	1.267	0.537	1.212	0.878	100	0.776
Ecu	-	40.22	7.418	6.577	1.949	0.744	1915	2.192	8.137	197.1	164.7	8.781	1.631	0.691	1.561	1.130	128.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5825	0.5809	-0.0023	0.5829	0.5798	6,703	47,007
Sep	0.5868	0.5848	-0.0022	0.5870	0.5836	20,772	46,745
Dec	-	0.5887	-	-	0.5867	61	500

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8995	0.8777	-0.0232	0.9001	0.8648	19,640	43,504
Sep	0.9124	0.8905	-0.0224	0.9125	0.8730	28,341	47,798
Dec	0.8992	0.9025	-0.0226	0.9025	0.8992	343	917

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6953	0.6918	-0.0045	0.6953	0.6902	3,755	22,778
Sep	0.7039	0.6995	-0.0046	0.7039	0.6970	14,683	26,684
Dec	0.7092	0.7092	-0.0028	0.7092	0.7080	30	636

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6364	1.6324	-0.0052	1.6364	1.6316	4,124	27,226
Sep	1.6340	1.6292	-0.0050	1.6342	1.6274	6,206	24,401
Dec	-	1.6320	-	-	1.6260	11	121

UK INTEREST RATES

LONDON MONEY RATES

Jun 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 1/4 - 5 1/4	6 7/16 - 6 3/16	6 9/16 - 6 3/8	6 3/4 - 6 5/8	6 7/8 - 6 25/32	7 1/8 - 7
Sterling CDs	-	-	6 17/32 - 6 15/32	6 5/8 - 6 9/16	6 3/4 - 6 11/16	6 31/32 - 6 29/32
Treasury Bills	-	-	6 15/32 - 6 13/32	6 19/32 - 6 17/32	-	-
Bank Bills	-	-	6 15/32 - 6 15/32	6 1/2 - 6 15/32	6 23/32 - 6 21/32	-
Local authority deps.	6 3/8 - 6 1/4	6 1/2 - 6 3/8	6 17/32 - 6 15/32	6 21/32 - 6 19/32	6 13/16 - 6 3/4	7 1/32 - 6 31/32
Discount Market deps	6 7/16 - 6 1/4	6 3/8 - 6 1/4	-	-	-	-

UK clearing bank base lending rate 6½ per cent from Jun 6, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on May 30, 6.2108pc. ECGD fixed rate Stlg. Export Finance. Make up day May 30, 1997. Agreed rate for period Jun 25, 1997 to Jul 25, 1997, Scheme III 7.78pc. Reference rate for period May 1, 1997 to May 30, 1997, Schemes IV & V 6.530pc. Finance House Base Rate 7pc from Jun 1, 1997.

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.28	93.29	+0.01	93.29	93.28	7409	99828
Sep	93.08	93.14	+0.05	93.15	93.08	19707	128534
Dec	92.92	92.98	+0.06	92.98	92.91	21044	112348
Mar	92.83	92.88	+0.06	92.89	92.83	11216	69400
Jun	92.75	92.81	+0.07	92.81	92.75	6630	44916

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9325	0.05	0.05	0.08	0.01	0.16	0.33
9350	0	0.01	0.01	0.21	0.37	0.53
9375	0	0	0	0.46	0.61	0.77

Est. vol. total, Calls 2482 Puts 2791. Previous day's open int., Calls 181834 Puts 183113

EMS EUROPEAN CURRENCY UNIT RATES

Jun 12	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.753089	+0.000163	-5.71	8.75	38
Portugal	197.398	198.313	+0.08	0.46	2.06	-3
Finland	5.85424	5.88401	-0.00237	0.51	2.02	-3
Spain	163.826	165.744	-0.004	1.17	1.35	-6
Italy	1906.48	1930.32	-0.93	1.25	1.27	-9
Denmark	7.34555	7.46244	+0.00544	1.59	0.93	-11
Netherlands	2.16979	2.20446	+0.00115	1.60	0.92	-12
Germany	1.92573	1.96016	+0.00169	1.79	0.73	-18
Austria	13.5485	13.7961	+0.0121	1.83	0.69	-13
Belgium	39.7191	40.4554	+0.0372	1.85	0.67	-14
France	6.45863	6.62236	-0.00258	2.54	0.00	-21
NON ERM MEMBERS						
Greece	295.269	311.139	-0.256	5.37	-2.69	-
UK	0.793103	0.695836	-0.001735	-12.26	16.87	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jun	CALLS Jul	CALLS Aug	PUTS Jun	PUTS Jul	PUTS Aug
1.620	1.74	2.39	3.01	0.02	0.72	1.37
1.630	0.87	1.75	2.51	0.15	1.09	1.78
1.640	0.34	1.24	1.97	0.50	1.58	2.28

Previous day's vol., Calls 300 Puts 455. Prev. day's open int., Calls 35,622 Puts 39,626

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Jun	CALLS Jul	CALLS Aug	PUTS Jun	PUTS Jul	PUTS Aug
0.575	0.82	1.21	-	0.01	0.28	0.48
0.580	0.40	0.89	1.23	0.07	0.44	0.67
0.585	0.12	0.60	0.97	0.29	0.67	0.89

Previous day's vol., Calls 873 Puts 469. Prev. day's open int., Calls 22,149 Puts 30,963

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.19	94.22	+1.97	94.22	94.19	34,002	385,932
Sep	94.03	94.09	+0.01	94.11	94.00	58,866	514,934
Dec	93.82	93.90	-0.13	93.92	93.81	52,424	406,507

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.08	95.09	-	95.10	95.07	402	2,741
Sep	94.75	94.75	-	94.75	94.75	161	6,941

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	CALLS Jul	CALLS Aug	CALLS Sep	PUTS Jun	PUTS Jul	PUTS Aug	PUTS Sep
9675	0.14	0.11	0.12	0.12	0.01	0.01	0.02	0.02
9700	0.01	0.01	0.01	0.02	0.13	0.16	0.16	0.17
9725	0	0	0	0	0.37	0.40	0.40	0.40

Est. vol. total, Calls 10677 Puts 9992. Previous day's open int., Calls 531332 Puts 329014

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9875	0.02	0.09	0.11	0.07	0.24	0.43
9900	0	0.03	0.04	0.30	0.43	0.61

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 4455 Puts 4240

BASE LENDING RATES

	%		%		%
Adam & Company	6.50	Duncan Lawrie	6.25	●Singer & Friedlander	6.25
Allied Irish Bank (GB)	6.50	Exeter Bank Limited	7.50	●Smith & Williamson Secs	6.50
●Henry Ansbacher	6.50	Financial & Gen Bank	7.50	Scottish Widows Bank	6.50
Bank of Baroda	6.25	●Robert Fleming & Co	6.50	TSB	6.50
Banco Bilbao Vizcaya	6.50	●Guinness Mahon	6.50	United Bank of Kuwait	6.25
Bank of Cyprus	6.50	Habib Bank AG Zurich	6.50	Unity Trust Bank Plc	6.50
Bank of Ireland	6.50	●Hambros Bank	6.50	Western Trust	6.50
Bank of India	6.50	Heritable & Gen Inv Bk	6.50	Whiteaway Laidlaw	6.50
Bank of Scotland	6.50	C. Hoare & Co	6.50	Yorkshire Bank	6.50
Barclays Bank	6.50	Hongkong & Shanghai	6.50		
Brit Bk of Mid East	6.50	Investec Bank (UK) Ltd	6.50		
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.50		
Citibank NA	6.50	●Leopold Joseph & Sons	6.50		
Clydesdale Bank	6.50	Lloyds Bank	6.50		
The Co-operative Bank	6.50	Midland Bank	6.25		
Coutts & Co	6.50	NatWestminster	6.50		
Cyprus Popular Bank	6.50	●Rea Brothers	6.50		
		Royal Bk of Scotland	6.25		

● Members of London Investment Banking Association
* In administration

The Portucel Group is qualified to compete with agility on the demanding international markets. The Group has an autonomous organization, in which the different activities, from the forest to the manufacturing of pulp and paper, are guaranteed by distinct companies. Each company has its own clients, competitors, goals and aims. At the same time, Portucel SGPS, the holding responsible for defining the general objectives and strategies of the Group, guarantees the convergence of each company's objectives. It is not by chance that we are the largest European manufacturer of eucalyptus pulp for paper. As, it is not by chance, that we are one of the largest European exporters, selling 75% of our production to world markets. All this is the result of a responsible and flexible organization. An organization that measures up to one of the most important realities of the portuguese economy, with a strong international vocation. A solid group of companies with a light structure, in order to reach farthest and faster.

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The Financial Times plans to publish a Survey on

Leeds

on Thursday, July 3

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U.S. $750,000,000
Lloyds Bank Plc
(Incorporated in England with limited liability)
Primary Capital Undated Floating Rate Notes (Series 1)
For the six months, June 13, 1997 to December 15, 1997, the Notes will carry an interest rate of 6.1875% per annum with a Coupon Amount of U.S. $317.97 payable on December 15, 1997.
By: The Chase Manhattan Bank London, Agent Bank

INTERNATIONAL CAPITAL MARKETS

Rally on both sides of Atlantic

GOVERNMENT BONDS

By Jane Martinson in New York and Michael Lindemann in London

Lower than expected US retail sales and growing optimism in Europe about a compromise over the stability pact prompted a strong rally in the bond markets on both sides of the Atlantic.

US TREASURY prices rose sharply at mid-session when May retail sales data showed a third consecutive monthly fall. The benchmark 30-year bond gained ⅞ to 98⅔, yielding 6.769 per cent.

Economists said there was a growing consensus that weaker second-quarter growth would persuade the Federal Reserve not to lift interest rates at the next meeting of its open market committee in July.

Mr Elliott Platt, at Donaldson Lufkin & Jenrette, echoed other economists when he said the three reports published yesterday indicated "sharp deceleration in activity is taking place during the current quarter".

The 0.1 per cent decline in May retail sales confounded market expectations of a 0.4 per cent rise in the overall figures. In addition, the report revised April retail sales figures downwards to a 0.3 per cent decline.

Two other releases of data also lifted market sentiment. A report on initial claims for state unemployment insurance showed a rise of 1,000 compared with an expected decline of 12,000. The May report from the Atlanta Federal Reserve also indicated slowing growth. "These data clearly bolster the case for the Fed keeping policy steady at its upcoming meeting," said Mr Platt.

The two-year note rose ¼ to 100½, yielding 6.044 per cent, while the 10-year bond rose ⅔ to 101, yielding 6.477 per cent.

GERMAN BUNDS followed the US lead. The September bund future settled at 101.36, close to an intra-day high of 101.44 and 0.60 higher on the day.

However, bunds outperformed Treasuries and most European markets. The spread of Treasuries over bunds widened one basis point to 88 points while the spread of bunds over OATs tightened two basis points to 7 points.

UK GILTS joined the fray, helped by May data which showed retail prices excluding mortgage payments at 2.5 per cent for the second month in a row.

Meanwhile, investors appeared to be waiting for the full text of the Mansion House speech by Mr Gordon Brown, the chancellor, before making their moves.

Mr Simon Briscoe, UK economist at Nikko Securities, described the details available as "incredibly important". He said further interest rate increases were now very unlikely and "by the end of this year people may even begin talking about interest rate cuts".

However, Mr Briscoe said the long end of the yield curve would perform badly because the new system outlined by Mr Brown did not give the Bank of England sufficient flexibility and was likely to be unstable.

The September gilt future settled at 114½, up ⅔.

ITALIAN BTPs and SPANISH BONOS both seized on reports that France and its European partners seem to have found a compromise to defuse the row about the stability pact.

The September BTP future settled at 131.63, up 0.83 on the day, while the June bono future closed at its high of 116.80.

A statement from President Jacques Chirac's office indicating a deal at today's Franco-German summit in the western town of Poitiers bolstered FRENCH OATs.

The June notional future settled at 130.04 but headed to 130.22 in after-hours trading.

Mr Philip Tyson, OAT analyst at HSBC, said the markets seemed to have factored in the good news from Poitiers but could well rise further if next week's Amsterdam summit lived up to expectations.

Good May for most hedge fund managers

By Samer Iskandar

An overwhelming majority of hedge funds showed positive returns in May, according to a survey published yesterday.

Of a total of 400 funds, 86 per cent showed positive returns and almost 10 per cent achieved surpluses of more than 10 per cent, according to MAR/Hedge, an independent firm that tracks fund performances. Only 10 of the funds had losses of more than 10 per cent.

The strongest category was that for global managers, with US opportunity fund managers gaining 5.6 per cent on the back of a strong US stock market. Ninety of the funds beat the performance of the S&P 500 index, which was up 6.1 per cent.

"Excellent performance was noted in small-cap and technology stocks," said Lois Peltz, managing editor of MAR/Hedge.

Short-selling funds, which bet on a fall in the market, had the worst performance, falling 10.32 per cent on average.

Market-neutral funds, which do not take a view on the direction of prices, were also weak, with positive returns of 0.81 per cent.

The pattern generally confirmed the trend of the first five months of the year, with average returns ranging from 4.5 per cent to 7.7 per cent. Short-sellers, once again, were the exception, falling 2.7 per cent.

Regional emerging market funds distinguished themselves, rising 15.7 per cent since the beginning of the year. The strongest performance among them was 56.6 per cent.

CAPITAL MARKETS NEWS DIGEST

Croatian bank raises DM400m

Zagrebacka Banka, Croatia's largest and most profitable bank, has raised DM400m through a three-year term loan, at a cost of 50 basis points over Libor. The 52-bank syndicate was led by Chase Investment Bank and Dresdner Bank, with DKB as agent and BZW responsible for the information memorandum.

The loan for the 30 per cent foreign-owned bank whose shares are listed in London, was oversubscribed with DM520m on offer. It replaces a 13-month SFr130m facility raised through UBS last year. This expired in March but was rolled over for three months until June, when ZB decided to go for a term loan rather than the originally planned bond issue.

Although priced at a wider spread than recent syndicated loans to Czech banks, yesterday's deal reflects growing pressure on lenders to accept relatively thin margins on loans to east European borrowers. A banker involved in the syndicate that arranged a $1.5bn loan for the Czech National Bank earlier this week, said banks were also looking for "ancillary" benefits from participation in the deal.

The CNB deal, priced at 10 basis points over Libor rising to 12.5 basis points if more than 50 per cent is drawn, was the largest syndicated loan to an east European borrower to date. *Anthony Robinson*

ISDA calls for euro strategies

The International Swaps and Derivatives Association, which represents banks active in the derivatives markets, has called on providers of financial information to announce their strategy to deal with the planned introduction of a single European currency, the euro, in January 1999.

"The introduction of a single currency raises the prospect that price sources for national money markets would cease to exist," ISDA said. "This raises business, legal and systems issues which need to be addressed in a timely manner to ensure that…there are no adverse implications for the continuity of financial contracts which refer to these price sources." *Samer Iskandar*

Uruguay seeks S&P upgrade

Uruguay is optimistic that Standard & Poor's, the US credit rating agency, might soon follow Moody's in granting it an investment grade rating. "After Moody's upgrade, we are waiting for a review by S&P," said a Washington-based representative of Uruguay's central bank. "We are expecting to be upgraded."

Moody's raised Uruguay's sovereign rating to Baa3 earlier this week. Yesterday, it announced a review for a possible upgrade of the ratings of two Uruguayan banks, Banco Comercial and Banco de Montevideo.

On S&P's scale, Uruguay is rated BB+, one notch below investment grade. IBCA, the European agency, has recently upgraded the country's sovereign debt to BBB-, its lowest investment grade rating. *Samer Iskandar*

Less call for 10-year deals

INTERNATIONAL BONDS

By Edward Luce

Primary issuance of dollar eurobonds quietened yesterday after a hectic 10 days, although traders reported some tightening in the secondary markets. Good US retail figures saw most dollar issues claw back some of the week's earlier losses.

Traders also reported a slackening in demand for 10-year dollar issues after the furious pace of recent offerings in that maturity.

The US Treasury's decision this week to cut the number of 10-year bond auctions from six to four a year has reduced the scope for hedging against 10-year corporate paper, while boosting overall liquidity.

ASSOCIATES CORPORATION, the US finance house, eschewed the 10-year sector with a five-year eurodollar offering. The $500m deal, jointly led by Morgan Stanley and Lehman Brothers, was priced to yield 33 basis points over Treasuries.

"Investors don't want another AAA-rated bank issue at a spread of 8 or 10 basis points over," said an official. "Aa3/AA-rated deals are rare in five years."

Elsewhere, TOYOTA MOTORS tapped the lira market for the first time in 10 months, with a L200bn five-year deal priced to yield 7-8 basis points over BTPs. Officials at Credito Italiano, sole manager, said the strong rally in BTPs yesterday gave an unexpected boost to the deal.

"There has been very little plain vanilla paper issued in the Italian market recently so investors were keen to get hold of this," said one official. The spread tightened in to 2 basis points over BTPs after launch.

3i, the UK investment capital firm, became one of the rare non-sovereign and non-supranational issuers to tap the 10-year FRN market. The £100m deal, priced to yield 17 basis points over three-month Libor, was exclusively taken by UK investors. "Rather than buy a five-year FRN at a spread of seven or eight basis points investors are starting to go down the maturity curve," said an official at SBC Warburg, sole lead manager.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
TFM, senior notes(s)	150	10.25#	100.00	Jun 2007	3.00	+370(6¾%-07)	Morgan Stanley DW
TFM, snr disc deb notes(s)	443.5	(a1)#	56.43062	Jun 2009	3.50	+520(6¾%-07)	Morgan Stanley DW
Citicorp(b)‡	300	(b1)	99.91383R	Jun 2002	0.175R	-	Citibank International
Bear Stearns Companies(c)‡	250	(c1)	99.6537R	Jun 2004	0.30R	-	Bear Stearns Intl
Bank Austria	200	6.375	99.82R	Jul 2000	0.1875R	+3(6⅝%May00)	SBC Warburg
Svenska Handelsbanken(d)‡	50	(d1)	100.058R	Sep 1999	0.10R	-	Salomon Brothers Intl
STERLING							
3i Holdings‡	100	(e)	99.49R	Jul 2007	0.25R	-	SBC Warburg
FRENCH FRANCS							
Salomon Inc	1bn	5.375	99.902R	Jul 2002	0.325R	+65(i)	Société Générale
Kingdom of Sweden(f)‡	300	(f1)	100.00	Jul 2007	0.25R	-	Morgan Stanley DW
ITALIAN LIRE							
Toyota Motor Credit Corp	200bn	6.625	101.575	Jul 2002	1.875	-	Credito Italiano
AUSTRALIAN DOLLARS							
National Australia Bank	100	7.00	101.01	Jul 2004	2.00	-	Hambros Bank
LUXEMBOURG FRANCS							
Toyota Motor Credit Corp(i)	2bn	5.25	102.75	Dec 2003	1.875	-	Crédit Européen-BBL

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Callable from 15/6/02 at 105⅝% falling 2⅛% pa to par. a1) Zero to 15/6/02, then 11⅜% sa. b) Callable from Jun 00 at par. b1) 3-mth Libor +5bp. c) Callable from Jun 00 at par. c1) 1-mth Libor +25bp. d) $250m launched on Wednesday was increased to $300m. d1) 3-mth Libor flat. e) 3-mth Libor +10bp. f) Callable annually from Jul 98 at par. f1) 3-mth Pibor +30bp, max 7½%. i) Over interpolated yield. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	97.4841	+0.730	7.12	7.38	7.86
Austria		5.750	04/07	98.8700	+0.530	5.90	5.83	5.76
Belgium		6.250	03/07	103.2700	+0.520	5.80	5.90	5.88
Canada *		7.250	06/07	107.2300	+0.770	6.26	6.49	6.49
Denmark		8.000	03/06	111.9800	+0.560	6.18	6.30	6.44
France	BTAN	4.750	03/02	100.4144	+0.170	4.65	4.70	4.72
	OAT	5.500	04/07	98.9000	+0.530	5.65	5.74	5.70
Germany Bund		6.000	07/07	102.0600	+0.530	5.72	5.83	5.73
Ireland		8.000	08/06	109.2300	+0.710	6.62	6.70	6.73
Italy		6.750	02/07	98.4000	+0.470	6.98†	7.09	7.40
Japan	No 145	5.500	03/02	117.0060	−0.220	1.65	1.83	1.57
	No 182	3.000	09/05	103.9245	−0.220	2.43	2.52	2.30
Netherlands		5.750	02/07	101.2000	+0.600	5.58	5.70	5.64
Portugal		9.500	02/06	120.4000	+0.520	6.36	6.45	6.84
Spain		7.350	03/07	105.3900	−0.450	6.43	6.58	6.64
Sweden		8.000	08/07	108.3436	+0.750	6.83	6.95	7.20
UK Gilts		7.000	06/02	100-08	+10/32	6.94	7.00	7.10
		7.250	12/07	101-15	+15/32	7.05	7.13	7.37
		9.000	10/08	114-18	+18/32	7.11	7.19	7.46
US Treasury *		6.625	05/07	101-00	+16/32	6.49	6.62	6.65
		6.625	02/27	98-04	+23/32	6.77	6.88	6.88
ECU (French Govt)		7.000	04/06	107.1500	+0.420	5.93	6.03	6.01

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: Standard & Poor's MMS.

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

Prime rate	8½	One month	-	Two year	6.08
Broker loan rate	7¼	Two month	-	Three year	6.21
Fed funds	5⅝	Three month	4.98	Five year	6.35
Fed funds at intervention	-	Six month	5.35	10-year	6.48
		One year	5.65	30-year	6.77

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	129.68	130.04	+0.42	130.08	129.58	127,177	64,706
Sep	127.98	128.36	+0.40	128.40	127.92	85,923	149,846
Dec	97.00	97.30	+0.32	97.30	97.00	102	575

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jun	CALLS Jul	CALLS Sep	PUTS Jun	PUTS Jul	PUTS Sep
126	2.40	2.56	2.74	0.04	0.21	0.40
127	1.46	1.75	1.97	0.11	0.40	0.62
128	0.67	1.09	1.33	0.31	0.73	0.97
129	0.20	0.62	0.83	0.83	1.26	1.47
130	0.03	0.29	0.45	-	-	-

Est. vol. total, Calls 25,066 Puts 24,805. Previous day's open int., Calls 132,881 Puts 163,497.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	100.82	101.36	+0.60	101.44	100.71	202436	234072
Dec	99.90	100.41	+0.56	99.90	99.90	100	300

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Jul	PUTS Aug	PUTS Sep	PUTS Dec
10100	0.58	0.94	1.15	1.17	0.22	0.58	0.79	1.76
10150	0.29	0.66	0.87	0.96	0.43	0.80	1.01	2.05
10200	0.13	0.45	0.64	0.78	0.77	1.09	1.28	2.37

Est. vol. total, Calls 22094 Puts 25286. Previous day's open int., Calls 175127 Puts 201272

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	130.85	131.63	+0.83	131.68	130.75	72660	85027
Dec	104.30	104.61	+0.61	104.30	104.30	10	300

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
8000		24.61		0
8050		24.11		0
8100		23.61		0

Est. vol. total, Calls 3734 Puts 4702. Previous day's open int., Calls 41716 Puts 46855

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	116.20	116.80	+0.61	116.80	116.20	131,573	74,017
Sep	115.40	116.00	+0.60	116.02	115.39	31,550	48,427

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	114-05	114-16	+0-16	114-18	114-01	378	2595
Sep	113-18	114-04	+0-17	114-08	113-15	70823	154659

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Jul	PUTS Aug	PUTS Sep	PUTS Dec
114	0-38	1-09	1-32	2-02	0-31	1-01	1-24	2-18
115	0-15	0-44	1-01	1-38	1-07	1-36	1-57	2-54
116	0-04	0-25	0-43	1-15	1-60	2-17	2-35	3-31

Est. vol. total, Calls 6521 Puts 1431. Previous day's open int., Calls 43452 Puts 23744

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	95.36	95.74	+0.30	95.72	95.36	2,567	4,450
Sep	95.00	95.36	+0.32	95.34	94.96	948	2,738

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	111-00	111-24	+0-24	111-26	110-27	4,607	107,894
Sep	110-20	111-11	+0-24	111-15	110-12	188,392	347,888
Dec	110-08	110-27	+0-21	111-00	110-07	16	24,844

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	123.47			123.74	123.46	2413	na
Dec	122.83			122.95	122.83	200	na

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Jun 12	Day's change %	Wed Jun 11	Accrued interest	xd adj. ytd		Low coupon yield Jun 12	Jun 11	Yr. ago	Medium coupon yield Jun 12	Jun 11	Yr. ago	High coupon yield Jun 12	Jun 11	Yr. ago
1 Up to 5 years (20)	119.92	0.17	119.71	1.92	5.38	5 yrs	6.96	7.03	7.43	7.02	7.09	7.48	7.07	7.14	7.58
2 5-15 years (20)	152.38	0.42	151.75	1.90	5.93	15 yrs	7.08	7.14	8.28	7.12	7.18	8.29	7.11	7.17	8.37
3 Over 15 years (6)	179.89	0.51	178.98	5.24	5.02	20 yrs	7.12	7.17	8.37	7.13	7.18	8.36	7.11	7.17	8.43
4 Irredeemables (5)	208.27	0.70	206.82	1.68	7.10	Irred.†	7.22	7.27	8.42						
5 All stocks (51)	146.84	0.35	146.33	2.53	5.68										

Index-linked							Inflation 5% Jun 12	Jun 11	Yr. ago	Inflation 10% Jun 12	Jun 11	Yr. ago
6 Up to 5 years (2)	204.75	0.09	204.56	1.20	3.03	Up to 5 yrs	3.53	3.56	2.75	2.82	2.94	1.15
7 Over 5 years (10)	197.03	0.26	196.51	1.54	2.86	Over 5 yrs	3.64	3.66	3.87	3.41	3.47	3.64
8 All stocks (12)	196.78	0.25	196.30	1.50	2.86							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Jun 12	Jun 11	Jun 10	Jun 9	Jun 6	Yr ago	High*	Low*
Govt. Secs. (UK)	96.84	96.53	96.52	96.44	96.51	92.04	97.51	93.31
Fixed Interest	120.81	120.82	120.83	120.70	120.80	111.86	121.56	115.32

Gilt Edged Activity Indices

	Jun 11	Jun 10	Jun 9	Jun 6	Jun 5
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

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FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on June 12

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

COURIER AND EXPRESS SERVICES

Charles Batchelor looks at the factors that are shaping the development of the fast-growing industry

Forward to new frontiers

The express parcels industry has enjoyed rapid growth for more than two decades, with little sign of a slowdown for the foreseeable future. Customers have come to expect almost instant delivery, whether the consignment is car parts or a legal document, while manufacturing industry's move to just-in-time techniques places a premium on speed and reliability.

It is true that increasing competition has led to price discounting, which has meant volumes have risen faster than revenues, while the established markets of North America and western Europe are starting to reach maturity. But while pressure remains on industry to reduce costs and world trade continues to increase there will be plenty of opportunities for the courier companies to exploit. Markets such as China, eastern Europe and South America have still to be developed.

On a global scale, four large companies – UPS and Federal Express from the US, the Brussels-based DHL, and TNT, now part of KPN, the privatised Dutch postal and telecommunications group – have established strong positions. But they are relative small fry in many national markets, where local groups still dominate.

Two of the largest international operators both reported strong rises in revenues in 1996. UPS increased its worldwide business by 9.5 per cent to more than $22bn, while revenues in Europe rose even faster – by 15.4 per cent to nearly $2bn. FedEx raised its world revenues by 9 per cent to $10.3bn.

In the UK, the combined turnover of express delivery services grew by 4 per cent last year to £2.07bn, of which £1.45bn was deliveries within the country. The total market is expected to rise to £2.69bn by 2001, according to a study by MSI Marketing Research for Industry.

A recent survey by the aircraft manufacturer, Boeing, found that the international express market accounted for 5 per cent of the total international air cargo market in 1995, an increase of 22 per cent on 1994 levels. Growth is expected to continue at an average rate of 18 per cent to reach nearly 40 per cent of the international air cargo market in 2015.

Recent years have seen the apparently remorseless advance of the "integrators", companies such as the "big four", which provide a seamless service including pick-up, shipment, customs handling and final delivery. They date back to the late 1960s when companies had three alternatives if they needed to send documents and parcels overseas: they could use their local post office, which was slow; specialist couriers, which were both expensive and limited by the weight they could carry; or standard air freight, which usually involved customs delays.

Companies such as DHL, set up in California in 1969, saw a gap in the market for a fast, reliable and cost-effective method of distribution. Initially, the newcomers focused on emergency deliveries of documents but they later developed to handle routine shipments of consignments of all sizes.

The integrators wrong-footed the traditional air-freight industry, where freight forwarders book shipments through the airlines, and caught the nationalised post offices on the hop.

The freight forwarders/airlines have still to develop an effective response, according to one recent survey, though some are seeking it through link-ups with the integrators. The post offices, too, have struggled to compete outside their protected markets for standard letters, though they, too, are becoming more commercial and, in the case of KPN in the Netherlands, acquiring integrators.

A survey of the air cargo industry by Unysis, an information technology group, reported that its procedures were cumbersome and prone to error compared with the integrators. The survey, based on 2,000 shipments, found that the airlines and freight forwarders were slower and handled consignments or their documentation more frequently, increasing the likelihood of damage and errors.

While the airline/forwarder moved or sorted documents on average 10 times for each shipment, the integrator handled documents only four times. The airline/forwarder keyed documents four times and the integrator only once. The airline/forwarder stored or retrieved a consignment eight times while the integrator carried out no storage at all, planning each stage of the shipment cycle in advance.

One large freight forwarder, the Swiss Danzas group, has recognised the problem of combining "heavy" freight shipments with the fast express services. It last year signed a co-operation agreement with UPS whereby the US group will handle the express documents and packages side of Danzas's business and Danzas take over the heavy side of UPS's operations.

"The agreement reinforces our objective to focus on letters, documents and packages," says Mr Ed Reitman, president of UPS Europe. "Removing the transportation of heavy freight from the network improves its efficiency."

The courier industry's other traditional rivals, the national post offices, are also having to adapt to changing markets and become more commercial. So far, the Netherlands has been the only country to privatise its post office, though the government retains a large minority stake. Germany plans to begin to sell off Deutsche Post next year, while Finland has allowed competition in some services.

The European Union has been working for several years on plans to liberalise postal services but fears about job losses and defensive action by the post offices have delayed implementation (see story, page 2). The European Express Organisation (EEO), representing express delivery companies throughout the continent, believes union-wide change will not take place until at least 2008.

In the meantime, the private operators believe, the post offices will continue to exploit a privileged position.

The EEO is unhappy with some of the proposed details of the draft directive. It wants a wording that allows for the protection of a universal service for individual customers but not for the protection of the present universal service provider: the national post office.

The private operators are also concerned that the post offices will continue to be able to cross-subsidise competitive services from monopoly revenues. The current draft directive allows cross-subsidy when justified "by the cost of the universal service obligation". Competitive services provided by post offices are only required to cover their average incremental cost, which could allow the post office to use its letters monopoly to pay for its fixed costs, the EEO says.

In the UK, the election of a Labour government after 18 years of Conservative rule, has prompted another review of the options for giving the post office greater commercial freedom. It has also re-opened the debate about a wide range of transport and environmental issues affecting the courier industry.

The new government, which has created a single superministry for the environment, transport and the regions, intends to take a fresh look at integrated transport, the environmental costs of road journeys and transport charging.

Issues such as motorway tolling, the maximum permitted size of lorries and night flying from UK airports are all expected to come up for review by Mr John Prescott, deputy prime minister and environment and transport secretary.

This might give an added impetus to attempts to move more goods, including possibly express parcels, by rail. In the past, rail has been particularly unsuited to high speed deliveries because of its inflexibility. But the opening of the Channel tunnel has linked the UK rail network with that of continental Europe. Many couriers already use the tunnel for international deliveries.

The largest UK rail freight company, English Welsh & Scottish Railway, is introducing high speed domestic services that it believes can compete with road.

The European Union, meanwhile, has plans for high speed freight "freeways" that would improve the attractiveness of rail, if implemented. Parcelforce, the UK post office's parcels subsidiary says it is keen to use specially designed road trailers that can also be carried on "piggyback" rail wagons.

DHL says that it considered acquiring a Eurostar-style train to carry its parcels through the Channel tunnel, but the cost of building a rail terminal and links to its Brussels air "hub" meant the idea was not economical.

The larger express deliveries companies have established sizeable aircraft fleets to move their parcels around the world. The prospect of them also running their own trains could revolutionise still sleepy railway administrations as well as meeting some of the concerns about the environmental impact of the express deliveries sector.

UK market forecast by consignment destination

	Internal		International	
	Volume (millions of packets)	Value* £m	Volume (millions of packets)	Value* £m
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1998	659	1,605	36.7	698
[illegible]	[illegible]	[illegible]	[illegible]	728
2000	753	1,880	42.2	746
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: MSI forecasts. * 1996 prices

UK market

	Volume (millions of packets)	% change	Value £m	% change
1988	439	+13	1,690	+15
1990	492	+5	1,879	+5
1992	521	+2	1,888	neg
1994	565	+5	1,985	+3
1996	619	+6	2,074	+4

Source: Trade and MSI estimates

MERGERS AND ALLIANCES • by Phillip Hastings

Companies link, therefore they can

Rival operators are uniting in the cause of the international marketplace

Like the distribution industry as a whole, leading courier and express service operators are increasingly seeking to offer customers "one-stop shopping".

By that, they mean providing a broad portfolio of domestic and/or international services catering for a range of customer requirements and types of consignment.

However, even the large global express companies have found that developing such capabilities requires resources and investment beyond their own individual scope.

This has led to greater co-operation in the industry, in many cases involving partnerships and deals between competitors.

Actual takeovers among the larger international express companies have been fairly rare. One exception was the recent acquisition of the Australian worldwide transport group TNT – best-known for its GD Express Worldwide operation (trading under the name TNT Express Worldwide) – by the Dutch postal and telecommunications corporation, KPN.

Explaining the deal, a KPN spokesman said both organisations had "recognised the benefits to be gained from the combination of their respective time-sensitive distribution and logistics operations within a number of countries around the world".

Earlier corporate activity in the express industry saw the German airline Lufthansa and Japan Airlines each take a 25 per cent stake in DHL International during 1992.

Although those investments have not led to any outwardly visible dramatic developments, the three parties say they are continuing to develop their co-operation, albeit quietly.

Mr Stefan Lauer, Lufthansa Cargo executive board member, says that the stake in DHL has been "one of the best investments ever made by the Lufthansa group".

"We have looked for various synergies and possibilities to co-operate and a lot of things have materialised, particularly in the field of transportation and infrastructure."

DHL's and Lufthansa's focus so far, however, seems to have been on a kind of "silent" co-operation.

"We have not yet really explored to the full extent the possibilities of co-operating in marketing and sales but I am confident that we can also establish closer links in those areas," Mr Lauer adds.

Generally, the trend towards greater co-operation has tended to be in the form of alliances, both formal and informal, and in partnerships of various types.

Prominent developments during 1996 included the establishment of a co-operation agreement between the US-based express giant United Parcel Service (UPS) and the Swiss-based forwarder/logistics service company, Danzas. Under the arrangement, the former handles all European heavier weight freight – specifically, palletised shipments of over 70 kilos – for the latter. Danzas is in turn able to access the UPS worldwide express network for European business.

In a slightly different context, the US-based forwarder AEI has formed a link with DHL. For the past five years, AEI has outsourced the supply of line-haul capacity for its Pandalink intra-European express service to DHL Aviation.

"Although no formal agreement exists, we are using each other's specialist capabilities for both low-weight courier business and heavier shipments on a reciprocal basis for specific multinational accounts," says Mr Tony Miller, AEI's European product development director.

Other alliances involve international companies and local operators. To function in the Indian market, for example, UPS, FedEx and DHL have all had to develop partnerships with local operators.

Meanwhile, nationally based express companies such as Parceline, United Carriers, Lynx, Business Post and ANC in the UK are working increasingly closely with counterparts on the Continent to offer pan-European services.

Parceline is the UK and Ireland franchisee for the German-based pan-European parcels delivery network DPD (Direct Parcel Distribution); United Carriers is a partner in a similar German-based operation, General Parcel; Lynx is a member of EuroExpress, a 10-strong European consortium; Business Post is a member of the Eurodis group; and ANC is working with Euronet.

Membership of some of these groups has taken time to settle down over the past few years. However, with their relatively low cost bases and improved communications through modern information technology systems, they are now becoming more significant participants on the pan-European road express delivery scene.

Partnership arrangements are being used to strengthen a company's presence across the world as well as across a continent. The Parceline parent group Mayne Nickless, for example, is developing its international courier operation Document Parcel Express (DPE) through a network of more than 50 licensees and delivery agents worldwide. In Europe, 90 per cent of operations are run by licensees, some of which trade as DPE, others under the joint identity of DPE and their own company.

The international courier and express market is also starting to see further development of the franchise-type arrangements already well-established in the UK domestic market.

One prominent example is UK-based forwarding and courier group Air Action. The company says that since launching the idea of a franchised international express operation in spring 1996, it has received some 240 applications for franchises.

Mr Des Lyons, Air Action managing director, says the applicants fall into two main categories: traditional forwarders and domestic courier/express companies interested in expanding internationally.

Leading pan-European express alliances

Country	Euroexpress	General Parcel	DPD	Eurodis	Euronet
UK	Lynx Express Network	United Carriers	DPD UK (Parceline)	Business Post	ANC
France	Gamaud	TAT-Express	DPD France	Sernadis	France Partner
Germany	[illegible]	German Parcel	DPD GmbH	Trans-o-flex	NET Nachtexpress Termindienst (KPN)
Belgium	Van Gend & Loos	BPD Belgian Parcel	DPD Belgium	Van Osselaer-Pieters	Colandel
Netherlands	Van Gend & Loos	NPD	DPD Netherlands	Correct Express	Dentex Systeemtransport
Luxembourg	Van Gend & Loos	General Parcel	DPD Luxembourg	Van Osselaer-Pieters	Colandel
Austria	Gebrüder Weiss	General Parcel	DPD Austria	Trans-o-flex	NET Nachtexpress Termindienst (KPN)
Spain	Aktar	Redur-Lozano Trans	DPD Iberica (Servipack/Cordes Simon)	Guipozcoana	n.a.
Portugal	Aktar	General Parcel [illegible]	DPD Iberica [illegible]	Ribes	n.a.
Italy	Bartolini	Direzione Gruppo	DPD Italy (MIT Spa)	Guipozcoana	NES
Greece	n.a.	Speedex Courier	Mitzer & Münch	n.a.	n.a.
Denmark	[illegible]	Pakke-Trans International	DPD Denmark (DanTransport)	A-Post	NET Nachtexpress Termindienst (KPN)
Sweden	Nordisk Transport	Paket Protisen	DPD Nordic (Fraktarna)	Bilspedition	n.a.
Norway	Nordisk Transport	Pakke Trans AS	DPD Nordic (Tollpost-Globe)	Bilspedition	n.a.
Finland	Nordisk Transport	General Parcel OY	DPD Nordic (Huolintakeskus)	Bilspedition	[illegible]
Ireland	n.a.	Williames Transport	DPD UK (Parceline)	Business Post	[illegible]
Switzerland	Jacky Maeder	[illegible]	DPD Switzerland	[illegible]	[illegible]
Czech Republic	n.a.	General Parcel Czech Republic	n.a.	n.a.	CESPED
Slovak Republic	n.a.	[illegible]	[illegible]	[illegible]	In Time
Hungary	n.a.	General Parcel Hungary	[illegible]	[illegible]	n.a.
Poland	n.a.	Servisco	[illegible]	[illegible]	[illegible]

Source: Triangle Management Services

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TECHNOLOGY • by Michael Terry

The fast track to service

The development of online tracking systems is seen as a way of winning competitive edge

Lightening the load...DHL allows customers to track consignments via a voice-recognition telephone service

Three dozen small and medium-sized computer retailers across the US have started promoting and distributing goods around the world in spite of having no global trading networks of their own.

By setting up a web site on Virtual Order, the internet service being tested by US integrator, FedEx, the retailers advertise their products in more than 200 countries and arrange for FedEx to carry out express delivery of orders.

FedEx can manage inventory and pack orders should retailers require it.

Virtual Order's link into FedEx's real-time global tracking and tracing system allows the retailers and their customers to follow the progress and completion of each delivery.

If tests are successful, FedEx plans to offer the service across the US by the end of this year and introduce it in Europe in 1998.

This latest use of the internet is a vivid example of how the express industry is developing its use of information technology, not just to enhance its service to customers but also to open up markets and control costs.

Mr Rick Goldhoff, responsible for FedEx's electronic connections with customers in Europe, the Middle East and Africa, says: "Express operators have traditionally provided closed, proprietary networks for customers to upload shipping information, track packages and carry out billing transactions. The costs and logistics of providing customer links have restricted access.

"Because the internet provides an open and freely available network it is opening up the market.

"In April over 3m callers from 117 countries accessed the FedEx web site. Of those, more than 1m were tracking packages. That means there were 1m telephone enquiries that our customer service staff didn't have to deal with."

Virtual Order is part of an enterprise strategy being developed by FedEx that will offer integrated transport and logistics services such as order entry and confirmation, inventory management, transportation, invoicing and after sales services for returns or repairs.

Express operators agree that technology will continue to be the industry's greatest differentiator.

They say the demands of cost conscious, global manufacturers for faster and more reliable transit times and for user-friendly systems that provide ever more detailed and speedier information on the status of consignments, are driving the technology at a breathtaking pace.

Parcelforce, the parcels division of the UK Post Office, last month launched what it is billing as Europe's most powerful export parcels tracking system, International Acceptance Gateway. Part of Parcelforce's £18m parcel management system, it can scan all the 4m export parcels Parcelforce deals with each year.

The screen-based system runs under Microsoft Windows. Parcels are automatically weighed, and sorting operators scan their barcodes and input details of country and product.

Customers linked to Parcelforce's Despatch Manager system can access on their own computer screens the latest information – the type of service used, the date the package was posted and the weight of the package.

Customers without a computer link can get the information with a free phone call to Parcelforce's national inquiry centre or by electronic mail.

Parceline, the UK parcels operator, is testing a computerised, hand-held route control and signature capture pad, codenamed Saturn.

After uploading delivery information in the morning, Saturn prioritises deliveries according to service level and has the flexibility to allow drivers to reschedule where appropriate. The driver scans each parcel he unloads. If he tries to deliver an incorrect parcel, Saturn indicates the error.

The unit fits into a cradle mounted in the cab of the collection and delivery vehicle and, by connecting with a digital cellular phone service, transmits proof-of-delivery information, including an image of the signature, immediately after delivery is completed.

Mr John Acton, Parceline marketing manager, says that the company has invested more than £3m developing Saturn and hopes to launch it nationally later this year.

DHL, the international document carrier, recently launched an interactive voice response facility in the UK to provide more customer-friendly access to shipment information. It allows customers to track the progress of their shipments using a touch-tone telephone.

Once a customer has called a special number a recorded message gives simple instructions on how to track a shipment. In confirming delivery it spells out the name of the receiver. The information can also be received by fax.

The system uses an application called Edify Electronic Workforce to convert the electronic data on DHL's tracking and tracing system into a voice message and is already in use in Scandinavia, Italy, Portugal and Spain.

Mr Martin Carfrae, DHL's commercial systems manager in the UK, says the company is developing a voice recognition system that will enable customers to track a shipment by speaking down the phone. He says that the world wide web will become the most important channel for communicating with customers and making transactions but he admits that there is still a long way to go. He estimates that no more than 15 per cent of UK companies currently have access to the web.

"If you were to put all your eggs in a web basket right now not all your customers would be able to connect with you," he says.

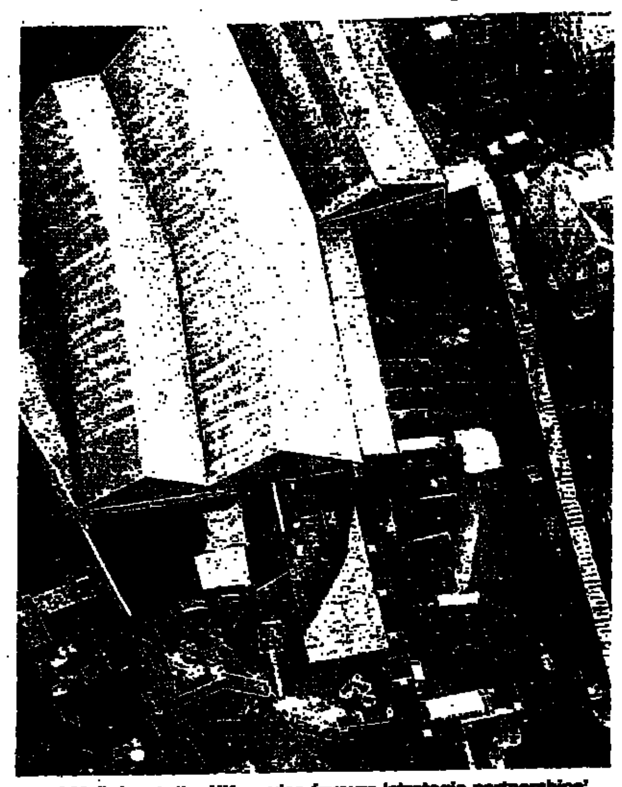
In expectation of what lies ahead, however, DHL – which currently offers tracking and tracing only on its web sites in the US, UK, Ireland and Peru – is working on modules that will allow worldwide customers to book and pay for shipments on the web.

Michael Terry edits the specialist logistics newsletter, European Freight Management

DEREGULATION OF POSTAL SERVICES • by Phillip Hastings

Stamped with doubt and delay

To the industry's frustration, the liberalisation of European mail services is slow



Royal Mail depot: the UK service favours 'strategic partnerships'

Mandatory liberalisation of direct mail and cross-border mail operations in the European Union (EU) now looks unlikely for at least another five years.

That, at least, is how express and mail industry sources are interpreting the latest EU developments. They also point out, though, that commercial pressures are already effectively liberalising many sectors of the international mail market both in Europe and worldwide.

For example, the Dutch postal and telecommunications corporation, KPN, recently bought one of the world's leading private sector express and mail service operators, TNT Express Worldwide.

Its German counterpart, Deutsche Post, last month confirmed plans to buy foreign companies as part of its international expansion, starting with takeovers in Poland and Belgium.

Meanwhile, the UK's Royal Mail International says it is focusing on the development of "strategic partnerships".

All those trends were highlighted in a survey on "The Future of the International Mail Industry" published last year by the UK-based consultants Triangle Management Services.

"There has been much talk about postal deregulation but little progress towards significant regulatory change. Meanwhile, 'de facto' liberalisation of the international mail market is proceeding rapidly," commented the survey.

"The picture that emerges is one of increasing complexity as high-volume post and telecommunications authorities make aggressive moves abroad and sign delivery agreements with private operators."

At one point early last year, formal liberalisation of most EU international mail activities looked close to being agreed.

A European Commission (EC) draft directive outlining plans to harmonise EU postal service quality was approved by the European Council and appeared set for implementation by later this year.

That directive, published by the EC posts and telecommunications directorate, DGXIII, called for retention of a "universal" postal service, which it defined as the availability of standard mail services at economic and uniform prices for everyone within the EU.

On the international side, the directive also stated that outgoing cross-border mail would be excluded from the reserved services. Incoming cross-border mail, it added, might continue to be reserved until December 31, 2000 if that were "necessary for the financial viability of the universal service provider". The same could apply to direct mail traffic such as advertising and marketing material.

However, the continuing reluctance of some EU countries to expose their postal administrations to greater competition has resulted in the progress of the directive being stalled and the proposed liberalisation timetable being extended. The most recent development was at the end of April when the EU Council of Ministers formally adopted a "Common Position" on the latest version of the proposed directive.

Basically, the text of that agreement called for postponement of mandatory EU-wide liberalisation of the direct mail and cross-border mail sectors until at least the year 2003, with the Council and the European Parliament having the opportunity to review that situation before the year 2000.

The Common Position also specified that the EC would decide on June 30, 1998, at the latest, on the "appropriateness of delaying the date of liberalisation, taking into account other developments, in particular economic, social and technological developments that have occurred in the sector and taking also into account the financial equilibrium of the public service provider(s)".

The proposed postal directive must now pass through the European Parliament for a second reading, expected to take place later this year.

The further delay in implementation of the directive has added to the frustration of the private sector express industry, which is keen to gain access to more mail business. There is also concern that even the latest dates announced might not be met.

"So far, the Commission has neither established a review procedure nor commissioned detailed economic surveys on the sector," commented the European Express Organisation.

The picture is further complicated by the fact that the EC's competition directorate, DGIV, is shortly due to publish a notice, as opposed to a directive, outlining its views on the liberalisation of postal services.

Speaking at the annual World Express and Mail Conference in Frankfurt, Germany, on May 15, Mr Jean-François Pons, deputy director general of DGIV, said final drafting of that notice was currently under way and it was hoped to submit the document to the EC "in the next few weeks".

Private sector express and mail service companies are hoping the DGIV notice will call for far greater liberalisation of the industry than that proposed in the DGXIII directive.

That, they admit, might further prolong the internal wrangling within the EC which, they believe, has been primarily responsible for the long delay in agreeing postal liberalisation measures.

Postal authority sources, though, are keen to play down the possibility of conflict between the DGXIII directive and the DGIV notice.

"At one time, there was a possibility that the two would clash but I do not think that will be the case now," says Mr John Dunlop, director and general manager of Royal Mail International.

"The complication, though, is that we do not know how the notice might be interpreted by the courts should a case arise."

That sort of uncertainty is adding to the frustration of both private sector delivery operators and mail service customers. The concerns of the latter were voiced by Mr Colin Mitchell, chairman of the European Mail & Express Service Users Association (EMESUA).

"We are frustrated at the dilution of the directive and the continuing delay in issuing the notice. From the user's point of view, it all means continuing uncertainty," he says.

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PROFILE UPS

Tough result to deliver

Observers doubt UPS's chances of overtaking the world market leader, DHL

With the opening last month of a $4m Asian hub at T'ai-pei, UPS, the US integrator owned by its managers, took another step in its bid to wrench leadership of the international express market from the well-entrenched DHL Worldwide Express.

Given the size of the gap, observers are sceptical about UPS's chances of success. Even UPS managers refuse to name a target date.

Estimates by Boeing, the US aircraft builder, based on revenue and volumes, put DHL in the lead with a 38 per cent share. UPS, with 13 per cent, is placed fourth after FedEx and TNT Express Worldwide.

Mr John Flick, UPS spokesman, says the opening of the T'ai-pei facility gives it a third international hub – the others are at Louisville in the US and Cologne in Germany – to allow it to develop the Asian market in the same way as North America and Europe. The company is also turning its attentions to Central and South America.

Mr Flick says the UPS strategy is focused on providing express services, particularly next-day deliveries, for packages and multiple shipments, including manufactured goods, for pieces weighing up to 70kg.

Uniform documentation and billing and premium services that offer next-morning deliveries between most cities are being introduced. Investment is being put into vehicles, infrastructure and a common systems technology.

He says: "We have gone for a mix that goes beyond documents. The emergence of facilities like faxes and the internet suggests documents may play a diminishing role in the market."

Mr Ed Reitman, UPS European president, says a $1.1bn investment in Europe in the next five years underpins a two-pronged strategy aimed at strengthening intra-European as well as global services.

UPS says information technology and communications are its strengths. It will spend $1bn a year for several years to update its network.

It spent $17m on the European launch of the DIAD hand-held proof of delivery computer system that allows drivers to key in delivery data, digitally capture consignees' signatures and download information to UPS's mainframe so that customers around the world can receive confirmation of a delivery within minutes.

An added strength of its European operations is the ability to link with its specialist subsidiary, UPS Worldwide Logistics, to offer added value services.

An example is the European operation of the US-owned computer manufacturer, Gateway 2000, which sells direct to the customer.

Orders phoned to the company's European factory in Dublin are picked and packed by Gateway staff. UPS staff on the site arrange shipping. Using ferry and road services, consignments move through its European road network via hubs in the UK, Germany and France for delivery to the customer. Delivery time is about three days.

Consignments for customers wanting express delivery are flown to Cologne and moved through the network by the fastest appropriate means.

Mr Flick says that in the four months after the European strategy relaunch last September UPS parcel volumes rose by 9 per cent.

UPS, which had worldwide revenues of $22bn a year, is now concentrating on Asia.

Rights to pick up cargo for destinations outside Japan, obtained through a bilateral agreement between the US and Japan, have allowed it to connect Japan with the rest of Asia.

Michael Terry

Poised for take-off: to capitalise further on the burgeoning freight market, Japan Airlines has set up a special subsidiary, Jupiter Air

ENVIRONMENT • by Michael Terry

Sound controls cause disquiet

The 'big four' are concerned by the EU consultation paper on aircraft noise

Aircraft noise has been firmly placed at the top of the list of environmental challenges facing the express delivery industry.

The integrators – the industry's group of leading operators, such as DHL, FedEx, UPS and TNT Express Worldwide, which combine international road and air transport services with forwarding and customs broking – are accustomed to having their operations closely scrutinised because of their effect on the environment.

But alarm bells are now ringing because they believe the European authorities are seeking to introduce Europe-specific limits on aircraft noise. The integrators say these would undermine international practices and are too restrictive.

They have stated their concern about a range of issues in the European Commission's consultation paper on aircraft noise, including proposals to phase out "hush kits" that bring noise levels on older aircraft into line with those of so-called Chapter 3 aircraft.

Chapter 3 aircraft conform to standards set by the International Civil Aviation Organisation (ICAO), the United Nations agency that sets international technical standards and recommends practices.

The standards have been accepted by aviation authorities around the world and allow the use of hush kits. Aircraft that cannot achieve them must be phased out by 2002. But the European Civil Aviation Council (ECAC), a forum of Europe's national aviation authorities, has been asked by the commission to make a recommendation on hush kit usage.

It is preparing a scheme that would prevent airlines in ECAC member states from adding newly hush-kitted aircraft to their fleets after March 31, 1999. Although this would not affect existing hush-kitted aircraft, the integrators are protesting because ECAC is also preparing a plan that would ban hush-kits altogether.

Under the scheme, hush-kitted aircraft from airlines of non-ECAC countries would be allowed into ECAC air space only if they had a proven track record.

Mr Russell Patten, secretary general of the Association of European Express Carriers, says: "This would stop operators from enjoying the useful economic life of assets that were purchased in good faith. Hush kits cost about $1.25m each.

"The air transport industry is by its nature global. Rules governing its operation should also be global. The integrators are sensitive to concerns over aircraft noise and do all they can to alleviate the problem. Some of their aircraft use hush kits but their fleets all meet the Chapter 3 standards."

An ECAC spokesman says the council has identified a number of legal complications that could prevent them reaching an early conclusion.

The integrators are also concerned about the German government's introduction of a "bonus list" scheme that includes aircraft that surpass Chapter 3 emission standards and allows individual airports the discretion to impose penalties on aircraft not on the list.

Mrs Nancy Sparks, a lawyer with FedEx, says: "The Germans continually move the goalposts. Our concern is that certain aircraft will become too expensive to operate in Germany.

"We appreciate the authorities face strong political pressure. But we don't want to be a soft target because we operate at night. If they crack down too hard we'll be forced to use more road transport. That can't be good for the environment."

Road transport is the industry's other main concern. Pressure from the regulators, the general public and even their customers, is forcing companies to develop ways to operate road services that are environmentally friendly and commercially sound. To reduce exhaust emissions, for instance, a growing number of operators is examining ways of replacing diesel and petrol driven vehicles.

UPS is more advanced than most. It operates 625 vehicles powered by compressed natural gas (CNG) in 15 cities in the US. In Canada it operates 755 vans powered by propane gas; in Mexico 107. It says, however, that it has been unable to do the same in Europe because there is no suitable network of refuelling stations and the cost of engines is prohibitive.

This summer Parcelforce, the parcel delivery service of the UK post office, will test two CNG delivery trucks out of its Milton Keynes depot. The depot uses gas for central heating and condensing equipment will be connected to the mains for refuelling the trucks overnight.

The UK subsidiary of TNT Express Worldwide, working jointly with British Gas and BP, is deciding whether to further develop the use either of liquid petroleum gas (LPG) or CNG vehicles and plans to make recommendations next month.

Mr Simon Boggis, the company's UK fleet manager, says: "The weight of the CNG gas and canisters can pose a payload problem. Our consignments are light so it's not a major worry. But the space required for the canisters could reduce carrying capacity."

Most operators are concerned about the interruptions caused by road congestion. Many say that they would like to use rail services to counter the problem. But few are prepared to use them, saying they are not reliable or flexible enough, especially in Europe.

UPS says it is the biggest single customer of the railways in the US. It ships 29 per cent of its ground volume by rail, the equivalent of about 3,500 trailer loads a day. It spends about $500m a year on rail, which it says is 30 per cent to 40 per cent cheaper than road.

But it adds that it uses very little rail in Europe because no rail company has a schedule that allows it to sort consignments late enough to meet next-day deliveries.

Parcelforce, however, is getting ready to test a rail option. Privatised freight operator English Welsh & Scottish Railways, hopes to run a pilot this month for its planned Glasgow to London piggyback service for road trailers.

Parcelforce has had a special trailer built. It will straddle the spine of the special Eurospine rail wagons designed for the service and is low enough to pass safely under bridges and tunnels on the West Coast Main Line.

AIR FREIGHT • by Phillip Hastings

Good things come in big packages

The ability to transport heavier goods is helping to sustain an air-carrier boom

Increasing globalisation of manufacturing activities around the world and ever-tightening supply chain schedules are stimulating greater demand for air express services.

Initially, such services catered primarily for documents and smaller packages. Now, many customers are also seeking fast air-based movement of larger parcels and freight.

Much of the progress in terms of regional and global air express service development has been made by the "big four" operators – DHL, United Parcel Service (UPS), Federal Express and TNT Express Worldwide. Known as "the integrators" because they provide integrated door-to-door services, all four use a combination of their own aircraft capacity and that of scheduled airlines.

The US-based operators UPS and FedEx lead the North American market. In Europe and Asia, though, the battle for market share is intensifying as all four accelerate their development of facilities and capacity.

In April, for example, UPS formally opened its main Asian hub at Taiwan's Chiang Kai Shek international airport (see profile, page 2). According to UPS it is the "cornerstone" of a $400m long-term investment strategy in Asia. It is the company's third leading international air hub – the other two are at Louisville in the US and Cologne, Germany.

The integrators are also increasingly paying more attention to second-tier markets such as the Middle East and Africa. In April, for instance, FedEx officially opened a new Middle East Gulf gateway operation at Bahrain international airport. The facility has sorting capabilities and will act as a point of entry for Bahrain and the Eastern Province of neighbouring Saudi Arabia.

However, while the big four continue to grab many of the headlines in terms of air express service development, they have plenty of competition.

Growing customer demand for air express movement of heavier weight shipments is creating new opportunities for freight forwarders. Having in recent years lost much of their smaller-parcel business to the integrators, they argue that their greater flexibility of operation gives them certain advantages when it comes to handling bigger parcels and freight.

Through its Nordic Express service the Scandinavian-based forwarder, ASG, for example, flies bigger-goods shipments overnight between East Midlands Airport in central England and Gothenburg, Sweden, via Copenhagen in Denmark. One of its key express service customers is the Swedish vehicle manufacturer, Volvo, which has getting on for 200 suppliers in the UK.

"We pick up shipments from those suppliers and fly them overnight to Sweden," says Mr Brad Brennan, ASG's UK sales and marketing manager. "In some cases, we effectively offer a 12-hour delivery service. As late as 2100 hours we collect parts and components that have to be on the Volvo production line in Gothenburg at 0630 hours the next morning."

Another forwarder operating well-established express services within Europe is the US-based AEI. The company's Pandalink system, which currently offers overnight and deferred delivery options, is specifically geared to larger shipments.

International airlines are also continuing to battle for a share of the wider air express market, reflecting the fact that it is generally reckoned to be the fastest-growing sector of the overall airfreight industry. Mr Ray Jewell, cargo marketing and sales manager for Hong Kong-based Cathay Pacific Airways, says express services now account for a "double digit" percentage of that carrier's overall cargo revenue.

Similarly, the German carrier Lufthansa says its Flash airport-to-airport and airport-to-door express services now generate around 15 per cent of worldwide revenues for its cargo business, Lufthansa Cargo.

According to Mr Stefan Lauer, Lufthansa Cargo executive board member, the company is now looking to develop express-type services with additional "added value" features.

Meanwhile, KLM Cargo of the Netherlands is planning trials of a new airport-to-airport wholesale express service from the beginning of July. Called simply KLM Cargo Express, the service will offer late shipment reception times and guaranteed capacity. It will cater for parcels/documents of up to 30 kilos and of certain specified dimensions.

Most airlines in fact now tend to focus on providing wholesale services, in other words working with courier/express companies and forwarders rather then directly with shippers.

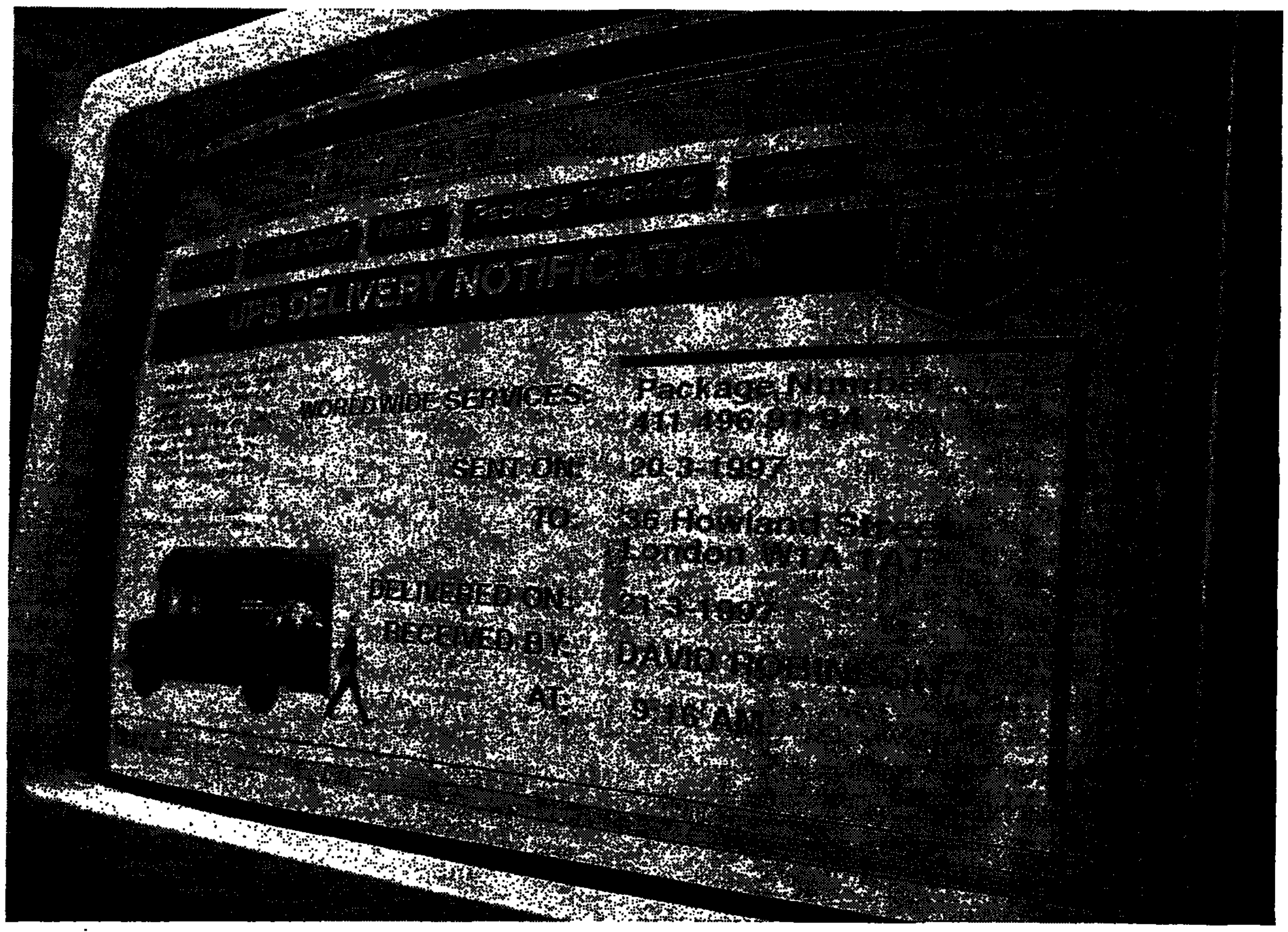
One of the main reasons for this is summed up by the UK airline, Virgin Atlantic, which offers a systemwide wholesale airport-to-airport product and an airport-to-door operation to key US centres and Athens/Istanbul. "The retail side would be far too labour-intensive for us to get into. It would in any case be almost impossible to develop such a business to a reasonable size because others already have such a hold on the market," says Mr David Woodward, general manager commercial for Virgin Cargo.

Many airlines also believe they should concentrate on their traditional core airport-to-airport freight services and work with intermediaries when it comes to handling air express business.

South African Airways, for example, recently extended its courier general sales agency agreement with the wholesale express company Bridges Worldwide.

"Using a specialist organisation like Bridges Worldwide to sell courier services means we have a strong and dedicated focus on this important part of our business," says Mr David Adams, SAA's acting cargo manager UK and Ireland.

Other airlines take a different approach. Japan Airlines (JAL) has established a linehaul/wholesale express and airfreight subsidiary, Jupiter Air, which can use the capacity of other carriers and so offer broader geographical coverage.



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COMMODITIES AND AGRICULTURE

Global shortage of natural rubber forecast

By Gary Mead

A global shortage of natural rubber within a decade looks increasingly likely, unless the commodity's international price at least doubles, and the world's leading producers succeed in significantly increasing their current yields.

Delegates to the International Rubber Forum, meeting in Liverpool yesterday, were told by Mr Hidde Smit, managing director of the Economic and Social Institute of the Free University in Amsterdam, that over the next 10 years production of natural rubber could begin seriously to undershoot demand, because of rising labour costs and accelerating industrialisation in the three leading producing nations of Thailand, Indonesia and Malaysia.

"This is not simply a problem for rubber but also for other commodities such as coffee and tea. Will it be profitable for the producing nations to continue production [of these commodities] or do we have to look at other places in the world where they can be produced? It's not just a case of sufficient land and manpower, but a willingness to work in the fields," he said.

The International Rubber Study Group, which staged the conference, forecast that by 2000, some 31 per cent of natural rubber production will derive from countries other than the three leading producers, with Vietnam in particular increasing its output, as well as African nations.

But strong global demand, growing by an average 3.5 per cent a year from 2000, means on current trends there will be a world shortfall by 2002, with a rapidly growing deficit thereafter.

"At today's prices [about $1 a kilo] it's not viable for many parts of the world to produce natural rubber," said Mr Smit, who added that he was doubtful yields from the big producers could easily be increased to cover the imminent shortfall.

One region striving to increase its production of natural rubber is Central Africa. Mr Mapri Kpolo, executive secretary of the Association of Natural Rubber in Africa, said his group was taking steps to produce a standard grade for African rubber, to be called SAR (Standard African Rubber), as a step towards trying to guarantee the type of premium quality found in rubber from the Far East. "It is our view that rubber from Africa ... is sold at a discount. We sometimes have a problem of quality and we are trying to change that by introducing better controls and standards to produce a better product," he said.

However, he added that the main African producers – Ivory Coast, Nigeria, Cameroon and Ghana – were facing serious problems in raising sufficient finance to increase production.

Voisey's may face delay

By Kenneth Gooding, Mining Correspondent

Mr Michael Sopko, chairman of Inco, the world's biggest nickel group, yesterday came very close to suggesting that the US$1.4bn Voisey's Bay nickel-cobalt project in Labrador would be delayed by at least one year.

Voisey's is expected to be the world's biggest and lowest cost producer of nickel. It will revolutionise the industry and is vital to Inco's long-term future.

First production of concentrate, an intermediate product, is scheduled for 1999, with refined nickel expected by late-2000. Mr Sopko said Inco could meet this challenging schedule but it had no control over the Canadian federal government's negotiations with aboriginal peoples about land claims.

If these were not settled in the next two months the project would miss the 1996 "weather window" – Voisey's is so far north that construction work is possible only between the months of June and October.

Mr Sopko pointed out that the original timetable had not envisaged there would be a Canadian federal general election in June this year – the impact of which was to "put the bureaucracy on hold for 35 days".

Also, the federal minister responsible for negotiations had been switched to a new appointment and it would take some time "to bring his replacement up to speed".

The prospect of Voisey's coming into production is also having a short-term impact on Inco. About 4,700 employees at its biggest division in Ontario went on strike on June 2. This is the first strike at Ontario since 1982, and analysts suggest employees believe they have to get as much as possible now because their bargaining power will be limited after Voisey's start-up.

Employees voted 60.4 per cent against a new three-year contract, even though it was recommended by their union leaders.

Ontario is responsible for more than half of Inco's annual nickel output. This year it was scheduled to produce 240m pounds of nickel out of a group total of 430 pounds. It was also targeted to produce 200m pounds of copper and 4m pounds of cobalt.

Mr Sopko said Inco could make up for a little lost production but the longer the strike continued the harder that would be. However, it was possible that output at Inco's Indonesian subsidiary could be increased from the scheduled 90m pounds.

The LME bites the bullet of change

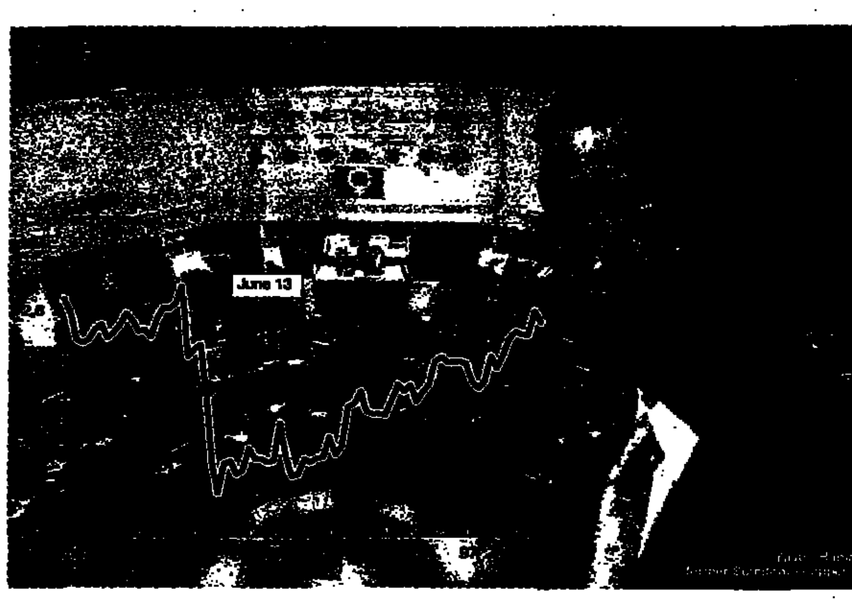
On June 13 last year Mr David King, chief executive of the London Metal Exchange, was called to a late-night meeting at the Securities and Investment Board, the exchange's regulatory body.

While the talks were going on the rest of the world was let into the secret. Just before midnight London time Sumitomo Corporation of Japan revealed that it had sacked its chief copper trader, Mr Yasuo Hamanaka, because he had allegedly lost an estimated $1.8bn in unauthorised trading.

As the global metals world attempted to absorb this information, many suspected this might mean the end of the LME. They remembered that the 1985 tin crisis nearly bankrupted many of its members. One year on the LME has done better than survive, but it will never be the same again.

It already had changed dramatically since the tin crisis and had become the world's foremost metals market. It accounts for at least 90 per cent of copper traded globally and for all of other base metals trading.

The potential for widespread financial damage if copper went into free-fall went far beyond the exchange. Trading houses, brokers, banks, some North American copper producers, other metal producers and hedge funds all wanted to avoid a melt-down.



So a co-ordinated international effort involving central banks and regulators in the UK, US and Japan was made to ensure order was maintained. For that the LME must be thankful.

Nevertheless, Mr Angus MacMillan, head of research at Billiton Metals, a subsidiary of Gencor of South Africa, says: "If Sumitomo demonstrated anything, it is the strength of the LME as a market. If you remember the decimation caused by the tin crisis you can see how much stronger the LME had become in 10 years.

"But it also illustrated how rules of a market can get out of synchronisation with a fast changing world. When you get a shock like Sumitomo you are forced to reappraise the way you run your business. The LME was forced to look again at the way it operated."

It did so by inviting the Securities and Investments Board to review its operations and the global metals markets.

In December the SIB published its conclusions. It called for substantial changes in the operations of the LME but endorsed its trading methods and rejected calls, particularly from the rival New York Mercantile Exchange, for wide-ranging reform.

Mr King says the LME is about half way through implementing the changes sought by the SIB. Its board is being expanded and about 10 senior people will be recruited to increase the executive to about 50.

Calls for more transparency are more difficult to deal with. "It is in no-one's interest to have such excessive transparency that business flees the market, reducing liquidity and increasing volatility. Business that left the LME would be transacted on the unregulated market, meaning the authorities would be even less able to police it," says Mr King.

Nevertheless, the LME is taking action. Daily reporting of LME stocks has been introduced and from October 1 details of stocks taken off LME warrants (the paper proving ownership of physical metal) but still in authorised warehouses will be given daily.

Also from October, data on the 20,000 screens around the world giving LME statistics will include details of large positions. Mr King says individual names will not not be given but market users will have fair warning about large positions.

Procedures aimed at providing a more rigorous audit trail are being introduced. Video cameras and sound equipment are being installed on the floor of the exchange.

"There is a good, clear audit trail in back offices and we want to carry this through to the ring. This should give additional comfort to market participants," says Mr King.

The LME is also addressing the problems in its warehouse system identified by the SIB. Contracts with warehouses will be restructured. "We will end with a more transparent and even more successful market," Mr King insists.

The omens are good. So far this year LME turnover, which in 1996 reached about US$3bn, is 12 per cent ahead of the same period last year.

Kenneth Gooding

Oil gains after days of steady decline

MARKETS REPORT

By Robert Corzine, Kenneth Gooding and Maggie Urry

Oil prices recorded modest gains yesterday after several days of steady falls. The price of the bellwether Brent Blend for July delivery was quoted at about $17.51 a barrel in late London trading, 16 cents up on Wednesday's close of $17.35.

The market shrugged off reports that Germany intends to sell about one-fifth of its strategic petroleum reserves as part of measures to improve its finances.

Traders said a phased sell-off totalling perhaps 100,000 barrels a day should not have a marked impact on world oil markets, although a sale in the summer, when oil demand is usually weakest, could drag on European oil prices.

Copper prices reached $2,609 a tonne, the highest for 13 months, in early trade on the London Metal Exchange yesterday but eased back later. Copper for delivery in three months closed at $2,580, up $19 from Wednesday's close. The premium for immediate delivery fell from Wednesday's level, however, to $85.50 a tonne against $102.50.

Cocoa prices raced ahead, continuing Wednesday's sharp rises, as weather fears and uncertainty about the size of the mid-crop from the Ivory Coast increased traders' concerns about shortages. Analysts also said chart buy signals had been triggered by the price rise.

In London, the July contract reached new highs, closing at £1,077 a tonne, up £52. On the New York Coffee, Sugar and Cocoa Exchange, profit-taking left prices off their highs, after a strong morning with heavy volume which saw prices rise as much as $60 a tonne.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1595.5-96.5	1615-16
Previous	1606.5-7.5	1625-6
High/low		1625/1612
AM Official	1599.5-600.5	1618-8.5
Kerb close		1612-13
Open int.	255,385	
Total daily turnover	67,090	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1458-63	1483-88
Previous	1460-65	1486-90
High/low		1488/1482
AM Official	1460-63	1485-7
Kerb close		1483-87
Open int.	5,419	
Total daily turnover	1,055	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	629-30	636-37
Previous	632-3	640.5-1.5
High/low	630	642/634
AM Official	629-30	635-6
Kerb close		633-34
Open int.	34,181	
Total daily turnover	5,656	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7095-105	7205-10
Previous	7190-200	7300-10
High/low		7285/7170
AM Official	7139-40	7235-45
Kerb close		7190-200
Open int.	52,777	
Total daily turnover	12,216	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5580-90	5610-20
Previous	5585-95	5610-20
High/low		5680/5600
AM Official	5605-10	5630-31
Kerb close		5610-20
Open int.	18,931	
Total daily turnover	8,742	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1333.5-4.5	1358-59
Previous	1347.5-8.5	1371.5-2.0
High/low	1336	1368/1355
AM Official	1335.5-6.0	1358.5-9.0
Kerb close		1359-60
Open int.	94,705	
Total daily turnover	14,718	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2666-69	2579-80
Previous	2672-5	2586-7
High/low	2692/2680	2615/2566
AM Official	2691-2	2590-2
Kerb close		2580-81
Open int.	141,904	
Total daily turnover	96,297	

■ LME AM Official £/$ rate: [illegible]

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

[illegible]			

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	341.4	-2.2	343.0	341.3	88	379
Aug	343.6	-2.4	346.0	343.4	8,677	73,084
Oct	346.1	-2.4	347.4	346.4	32	7,574
Dec	348.7	-2.4	351.2	348.5	380	26,578
Feb	351.2	-2.4	351.9	351.3	1	9,613
Apr	[illegible]					
Total	[illegible]					

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]						

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]						

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]						

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]						

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
[illegible]						

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	83.50	+0.05	83.50	83.00	170	932
Sep	87.65	-0.95	-	-	-	186
Nov	89.80	-0.80	90.25	89.75	147	3,616
Jan	91.80	-0.80	92.00	91.85	106	1,712
Mar	93.80	-0.80	94.25	93.85	46	835
May	[illegible]					
Total	[illegible]					

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	23.24	+0.07	23.45	23.06	7,040	40,103
Aug	23.43	+0.07	23.65	23.27	3,191	19,008
Sep	23.61	+0.07	23.80	23.48	1,794	9,124
Oct	23.74	+0.04	23.95	23.60	770	11,640
Dec	23.96	+0.07	24.25	23.81	2,789	21,840
Jan	24.10	+0.09	24.25	24.20	25	1,538
Total					15,862	104,407

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	276.7	+2.6	277.5	273.1	12,442	37,351
Aug	255.2	+0.3	257.4	251.0	5,965	19,001
Sep	236.9	+0.2	239.5	236.0	2,304	12,771
Oct	224.7	-0.8	228.0	224.0	938	12,722
Dec	216.1	-1.1	219.5	215.7	4,123	25,378
Jan	213.0	-1.5	214.5	212.8	123	2,540
Total					28,211	113,915

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	45.0	-	-	-	-	9
Mar	85.0	-6.0	-	-	-	-
Apr	81.5	-5.2	85.0	80.0	131	773
May	105.0	-5.0	-	-	-	-
Jun	111.0	-5.0	-	-	-	-
Total					131	782

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	1273	+13	1273	1270	14	386
Jul	1185	+5	1190	1185	18	1,254
Aug	1180	-	1180	1180	4	446
Oct	1340	-7	1340	1340	2	621
Jan	1370	+5	1370	1370	10	97
Total					40	2,794

	Close	Prev
BFI	1262	1257

FUTURES DATA

All futures data supplied by CMS.

Wool

With Australian wool prices still rising strongly and only three weeks to go before the end of the selling season, there is not much time left for any significant setback. Traders have little alternative to following the rise and covering whatever requirements are outstanding. There is a three-week gap before the 1997/8 selling season opens, and offerings, which currently are low, build up as the it gets underway. However, with the market rising strongly there is caution in anticipating significantly lower prices. Wool International's stockpile sales have gone well enough for the quota for the September quarter to be filled before it opens, and stockpile wools can therefore be priced a good deal more firmly. The eastern market indicator in Australia closed this week at 726 Australian cents a kg, a new peak for the season.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1076	+51	1088	1036	5,165	20,331
Sep	1098	+51	1107	1059	13,585	25,124
Dec	1077	+36	1088	1053	3,001	30,496
Mar	1085	+34	1095	1059	6,800	31,792
May	1096	+35	1104	1070	1,035	16,175
Jul	[illegible]					
Total	[illegible]					

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Jun 11		
Daily	1137.20	1127.16

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
[illegible]						

■ COFFEE (ICO) (US cents/pound)

[illegible]		

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	323.7	+3.4	323.7	320.0	1,043	16,559
Oct	317.8	+3.1	318.0	314.7	94	8,106
Dec	315.9	+2.7	315.5	312.7	90	3,207
Mar	315.7	+2.6	315.5	313.0	46	2,744
May	314.5	+2.0	313.0	312.0	101	892
Aug	313.0	+1.1	313.0	313.0	-	648
Total					1,273	32,728

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	11.49	+0.23	11.50	11.23	13,035	72,955
Oct	11.34	+0.19	11.35	11.11	8,119	69,599
Mar	11.20	+0.14	11.20	11.03	2,525	30,583
May	11.10	+0.13	11.10	10.93	926	7,071
Jul	11.03	+0.13	11.03	10.86	343	3,498
Oct	10.93	+0.13	10.75	10.75	39	972
Total					24,987	185,273

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	73.38	-0.26	73.90	73.30	13,737	28,548
Oct	75.45	-0.10	75.75	75.30	1,824	7,394
Dec	76.19	+0.04	76.50	75.95	10,454	31,987
Mar	77.24	+0.04	77.50	77.20	885	5,653
May	77.59	-0.16	77.70	77.70	26	1,159
Jul	77.69	-0.19	77.90	77.75	31	583
Total					27,220	75,885

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	77.00	-2.00	79.90	76.40	1,249	16,266
Sep	79.45	-2.05	82.45	79.05	907	9,721
Nov	83.50	-0.25	84.80	82.10	203	4,259
Jan	85.15	-1.00	87.20	85.15	75	1,795
Mar	87.65	-1.00	89.60	89.00	23	1,259
May	90.15	-1.00	91.80	91.50	20	292
Total					2,454	33,839

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Jun 12	Jun 11	month ago	year ago
1998.2	1998.5	1987.4	2099.0

■ CRB Futures (Base: 1967 = 100)

Jun 11	Jun 10	month ago	year ago
245.23	244.93		

■ GSCI Spot (Base: 1970 = 100)

Jun 11	Jun 10	month ago	year ago
n/a	185.81	200.02	204.47

LME WAREHOUSE STOCKS (tonnes)

Aluminium	-3,100	to	710,825
Aluminium alloy	-200	to	81,380
Copper	-200	to	127,325
Lead	-225	to	116,725
Nickel	-276	to	51,480
Zinc	+2,225	to	422,525
Tin	-480	to	11,795

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Jun	64.475	-0.1	64.650	64.300	3,314	9,276
Aug	63.725	-0.1	63.950	63.600	5,933	45,076
Oct	67.200	-0.175	67.375	67.050	2,133	22,823
Dec	69.675	-0.125	69.875	69.600	1,248	11,495
Feb	70.425	-0.15	70.675	70.400	899	6,101
Apr	[illegible]					
Total	[illegible]					

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
[illegible]						

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
[illegible]						

LONDON TRADED OPTIONS

Strike price $ tonne – Calls – – Puts –

■ ALUMINIUM (99.7%) LME; ■ COPPER (Grade A) LME; ■ COFFEE LIFFE; ■ COCOA LIFFE; ■ BRENT CRUDE IPE

	Jul	Oct	Jul	Oct
[illegible]				

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel) +or-

Dubai	$17.22-7.27	-0.140
Brent Blend (dated)	$17.86-6.92	-0.140
Brent Blend (Jul)	$17.53-7.57	-0.190
W.T.I.	$18.72-8.77z	-0.305

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$200-202	-1
Gas Oil	$162-164	-2
Heavy Fuel Oil	[illegible]	
Naphtha	[illegible]	-0.5
Jet fuel	[illegible]	-1.5
Diesel	[illegible]	-1

■ NATURAL GAS (Pence/therm)

Bacton (Jul)	10.00-10.10	
IPE (Jul)	10.000	

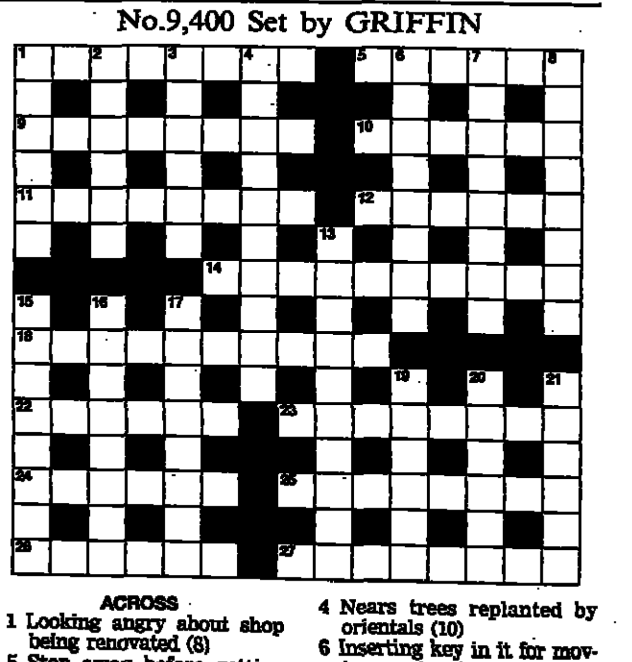
■ OTHER

Gold (per troy oz)	[illegible]	-1.50
Silver (per troy oz)	[illegible]	-3.00
Platinum (per troy oz.)	[illegible]	-16.00
Palladium (per troy oz.)	[illegible]	-9.00
Copper	[illegible]	
Lead (US prod.)	[illegible]	
Tin (Kuala Lumpur)	[illegible]	
Tin (New York)	[illegible]	
Cattle (live weight)	[illegible]	-0.48*
Sheep (live weight)	[illegible]	-3.53*
Pigs (live weight)	[illegible]	-0.91*
Lon. day sugar (raw)	[illegible]	-0.90
Lon. day sugar (wte)	[illegible]	-1.40
Barley (Eng. feed)	[illegible]	
Maize (US No3 Yellow)	[illegible]	
Wheat (US Dark North)	[illegible]	
Rubber (Jul)	[illegible]	
Rubber (Aug)	[illegible]	
Rubber (KL RSS No1)	[illegible]	
Coconut Oil (Phil)	[illegible]	+10.0
Palm Oil (Malay.)	[illegible]	
Copra (Phil)	[illegible]	-5.0
Soyabeans (US)	[illegible]	-5.0
Cotton Outlook 'A' index	[illegible]	
Wooltops (64s Super)	[illegible]	+3

JOTTER PAD

CROSSWORD

No.9,400 Set by GRIFFIN



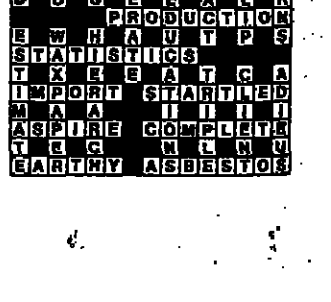
ACROSS

1 Looking angry about shop being renovated (8)
5 Stop away before getting hurt (6)
9 Beat Ada's doctor to computer information (8)
10 Married after 50 is so agile (6)
11 Some suspect restless ghosts (8)
12 Best to exist without water filter (6)
14 Annoy six-footer in sea and go swimming (10)
18 Never eat it cooked, being incorrigible (10)
22 Central heating damaged more plating material (6)
23 Treatment one goes for on foot? (8)
24 Wed university man (6)
25 Holiday accommodation with parking held prayers (6)
26 After a time the German gets sore (6)
27 Sure to be first away after a saucy opening! (8)

DOWN

1 Impetuous little girl swallowed salad plant (6)
2 Place better wager without me (6)
3 For nothing ringleader scraps revolutions (6)
4 Nears trees replanted by orientals (10)
6 Inserting key in it for moving grating (8)
7 Engineer stands still, overjoyed (8)
8 Called for fellow copper once in action (8)
13 Club helps it by shifting armed vessel (10)
15 Cut price record – amount will be less this morning (8)
16 Dislike a vicar backing heaven (8)
17 Rush mats standing on deep ground (8)
19 1,001 pence for each fish? (6)
20 Escort round city office (6)
21 Leaseholder lacking duplicate keys (6)

Solution 9,399



cast

Oil gains after day of steady decline

change

CROSSWORD

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

THE NUMBER OF PEOPLE OVER 60

It's hard to imagine people outliving their retirement funds. It's

WILL TRIPLE BY 2030. IT'S TIME FOR

harder still for institutional investors to help prevent it from

YOUR INVESTORS' RETIREMENT

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LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

هكذا من الأصل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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asset ASSURANCE

from ASSET GUARANTY

Global Asset Management - Contd.

Jardine Fleming Unit Trusts Ltd - Contd.

MANAGED FUNDS NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

CHEMICALS - Cont.

ENGINEERING - Cont.

EXTRACTIVE INDUSTRIES - Cont.

INSURANCE - Cont.

INVESTMENT TRUSTS - Cont.

BANKS, RETAIL

DISTRIBUTORS

INVESTMENT TRUSTS

FOOD PRODUCERS

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

DIVERSIFIED INDUSTRIALS

GAS DISTRIBUTION

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
BG	♣W	219½xd	—	221½	134	9,714	6.3	21.5
Centrica		70¾	+1¼	77½	55	3,116	-	-
International Energy	♣	99xd	—	100½	84½	58.8	5.6	12.2

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INV TRUSTS SPLIT CAPITAL

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING - Cont.

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Wagon Indl	♣	240	-1½	378	240	129.0	10.9	7.4
7.25p Cnv Prf		80xd	+½	114	90½	18.9	9.7	-
Weir	♣	250½xd	—	273½	203½	605.5	4.0	14.4
Wellington		229½	—	276	229½	54.2	4.4	13.5
Wellman		23½	—	59	23	34.3	9.6	5.1
Wescol		60	—	61½	35	15.7	2.8	16.6
Whatman		682½	—	693	405	160.3	2.5	20.0
Widney	♣	32½	—	*61	30½	3.93	13.9	-

HEALTH CARE

BUILDING MATS. & MERCHANTS

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

HOUSEHOLD GOODS

CHEMICALS

ENGINEERING

INSURANCE

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

	Notes	Price	+ or -	52 week high	low	Yld Gr's	NAV	Dis or Pm(-)
St David's Inc	$	120	—	126	110	17.7	–	–
Cap		290½	—	294½	134	–	288.0	28.0
Zero Prf		187½	—	187½	175½	–	–	–
3rd St David Inv Tst Inc		131½	+1	132½	110½	18.2	–	–
Residual Cap		12	–	15½	9½	–	44.8	73.2
Zero Div Prf		195½	+¼	198	183	–	–	–
SR Pan European		58	—	60½	35½	1.7	57.5	2.8
Warrants		25	—	26½	7	–	–	–
Zero Div Pref		66½	—	67¼	61¼	–	–	–
Schroder Split Inc		108½	—	116½	100	9.6	–	–
Capital		28	+½	29	18½	–	128.8	78.9
Zero Div Pref		147½	+½	147½	131½	–	–	–
Scot National Inc		100	[illegible]	101	90	10.4	–	–
Cap		58	+½	60	32	–	138.9	57.5
Warrants		6½	–	6½	0.5	–	–	–
Stepped Pf		168¾	+¼	170	163¼	5.8	–	–
Zero Div Pref		295½	—	297½	278	–	–	–
Tor Inc		300	—	342½	298	18.2	–	–
Cap		1565	+12½	1587½	1188	0.3	2012.0	25.2
TR Technology B		372	+7	372½	222½	3.4	449.7	17.3
Zero Pf		294½	—	296	278	–	–	–
Stepped Pf		169½	—	169	158½	5.8	–	–
Units		4117½	+5	4200	3450	1.2	4385.0	6.3
Verlum Geared		28	—	33	22	–	33.9	17.4
Capital Indexed		415	+2½	420	300	–	–	–
Income		34½	—	39½	32½	17.2	–	–
Yeoman Income		79	—	85	75½	23.8	–	–
Capital		353	+2	358	252	–	524.8	32.7
Zero Pref		282½	—	285	245	–	–	–

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

Approved by the Inland Revenue

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PHARMACEUTICALS - Cont.

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		826	—	*2281½	520¼	1,815	3.0	♣
Barlow	‡†	693	-7	757	554	1,342	2.2	13.5
Gold Flds Prop R	†	172	+½	172½	120	17.6	5.1	13.0
SA Brews		£17½	+½	£19½	£17½	8,280	2.2	♣
Standard Bank		£28½	+½	£29½	627	3,608	1.2	26.1
Tiger Oats	†	1077½	+5	1080	770	1,828	1.8	20.3
Tongaat-Hulett		765	+1	842	576½	731.2	2.6	♣

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Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♣ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ≠ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
x Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

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LONDON STOCK EXCHANGE

UK stocks race up after bullish US news

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A day which began with gentle swings in both directions ended with UK shares sharply higher across a broad front as the market responded to much weaker than expected US retail sales.

The retail sales figures were seen as reducing the chances of the US Federal Reserve increasing interest rates when its monetary policy committee meets on July 2.

That news transformed a UK equity market that had shown distinct signs of running out of steam earlier in the day.

With US bonds accelerating and posting instant gains of around 24 ticks and gilts surging ahead, there was a sudden burst of support for UK stocks.

Wall Street, which had moved to its fourth successive closing record on Wednesday, opened in strong form yesterday, bursting through the 7,600 level for the first time and posting a 70 point-plus rise an hour after London closed.

The FTSE 100 index finished at a record closing high of 4,757.4, up 32.6, having come within a whisker of equalling its previous intra-day record of 4,759.3 reached on Wednesday.

Although the leaders picked up strongly after the opening of Wall Street, they had earlier been outpaced by the market's second liners, which captured the limelight in response to a batch of impressive company results.

The best of these came from Johnson Matthey, the precious metal refining group whose shares raced up over 13 per cent, closely followed by Scapa Group, the paper and pulp company, up almost 8 per cent and FKI, the engineering group, whose shares rose almost 3 per cent.

Those outstanding gains drove the FTSE 250, which had left Footsie in its tracks, up 38.3 to 4,545.2. The FTSE SmallCap, meanwhile, rose 2.6 to 2,283.7.

While the second liners were racing away from the outset, the leaders were being stifled by a buyers' strike, caused primarily by worries about last night's speech given by the new chancellor of the exchequer, Mr Gordon Brown, at the Mansion House.

Although few in the market expected any fireworks in the speech, there were some looking for Mr Brown to pinpoint new inflation targets.

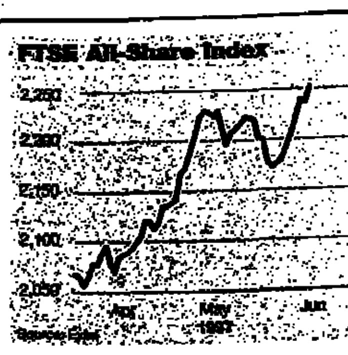
The inflation details for last month, announced yesterday morning, came in exactly as most analysts had forecast with the headline figure up 2.6 per cent over twelve months and the underlying rate at 2.5 per cent. The figures saw gilts move higher and bonds got a second wind from the US retail sales news.

Turnover across the market reached 875.7m shares by 6pm.

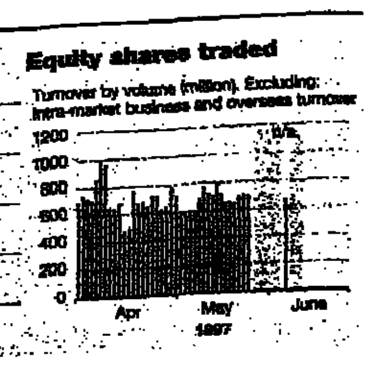
Tobacco shares shot to the top of the Footsie performance table, amid rumours that a once and for all deal, admitting liability over tobacco-related illnesses, will be announced in the US today.

Meanwhile, the City is gearing up for an extremely buoyant debut for Norwich Union shares on Monday; grey market trading shares saw them quoted at 344p-354p with bookmakers City Index and at 342p-350p with IG Index.

FTSE All-Share Index



Equity shares traded



Indices and ratios

FTSE 100	4757.4	+32.6	FT 30	3062.5	+35.9
FTSE 250	4545.2	+38.3	FTSE Non-Fins p/e	19.05	18.90
FTSE 350	2298.7	+16.4	FTSE 100 Fut Jun	4771.0	+31.0
FTSE All-Share	2252.99	+15.14	10 yr Gilt yield	7.10	7.16
FTSE All-Share yield	3.45	3.48	Long gilt/equity yld ratio	2.06	2.06

Best performing sectors

1. Tobacco .... +3.6
2. Electronic & Elect .... +2.0
3. Building Matls .... +1.9
4. Chemicals .... +1.8
5. Diversified Inds .... +1.6

Worst performing sectors

1. Life Assurance .... -0.7
2. Telecommunications .... -0.5
3. Banks: Retail .... -0.2
4. Oil Exploration .... -0.1
5. Water .... -0.1

C & W up on share deals

By Joel Kibazo and Martin Brice

Cable & Wireless was a feature and turnover at the close of business stood at 7m with the shares 2¼ ahead at 543½p. Buying by the company's directors helped boost turnover.

The four top men at the company have bought shares worth £315,000. Mr Richard Brown, chief executive, bought 10,000 shares, taking his stake in the group up to 20,000 shares, while Mr Robert Lerwill, the finance director, bought 10,000 shares, raising his holding to 22,500 shares. Mr Brian Smith, chairman, acquired 18,000 shares to take his stake to 38,000 shares. All three bought the shares at 544p each.

The exception was Mr Rod Olsen, who was the acting chief executive officer. His acquisition of 20,000 was done at 540p a share and it takes his stake in Cable & Wireless up to 85,800 shares.

The move is seen as another vote of confidence in the company. Last week the shares moved ahead after C&W announced the sale of a stake in its Hong Kong Telecom subsidiary to China's state telecoms company.

Telecoms group BT bucked the market trend after one broker downgraded its recommendation on the stock. The shares surrendered 8 to 470p in trade of 13m.

US investment bank Lehman Brothers yesterday shifted its recommendation from "buy" to "outperform" and did the same on MCI. The European Union recently approved the planned merger between the two groups but US authorities have yet to give their verdict.

Mr Paul Norris of Lehman said: "The stocks have outperformed both markets and immediate upside is limited by competitive erosion at MCI."

There was strong buying interest in tobacco stocks as traders mulled over reports that a deal on litigation in the US was imminent. Imperial Tobacco and BAT Industries were Footsie's best performers on the day.

BAT reversed early losses to close up 20½ to 596p in volume of 13m. A report said it had walked out of negotiations on the tobacco liabilities in the US, and was contemplating getting together with other tobacco companies to reach an agreement.

Imperial was helped by the series of meetings in the US with investors held this week, and put on 14¼ to 411¼p in volume of 7m. Meanwhile stock in Gallaher continued to flow back from the US to the UK after the company's demerger, and the shares rose 9½ to 291½p in volume of 12m.

There was also brisk trade in two insurance stocks said to be liable to any shifting of liabilities from the tobacco companies to the insurers: Commercial Union fell 8 to 708½p in volume of 3.1m but Royal & Sun Alliance rose 4 to 498½p in volume of 6.5m.

Asda ran into profit-taking as its shares neared their year-high of 129p, reached in January, and were marked down 2¼ to 124¼p in volume of 10m, making it the biggest faller in the Footsie and the fifth most heavily traded stock in the index.

The stock has had a good run up from the 106p touched in early April, helped by some bullish brokers notes. Traders expect a positive trading statement from the company when it publishes its results in a fortnight.

Johnson Matthey stock had a spectacular day and was the biggest riser in the FTSE 250. A combination of factors drove the shares up 61½ to 523p.

Marketmakers were said to be short of the tightly-held stock, which was due a bounce after its fall from 650p last year. Further, sentiment in the shares was helped by both yesterday's strong results and the announcement of a licensing agreement with Kyocera of Japan. The deal, which uses Johnson's plastics laminates products, has the potential to make it one of the world's biggest suppliers to the semi-conductor industry.

The shares were trading at a p/e relative of about 82 per cent of the market yesterday morning: the day's rise took them to a relative of 92 and some analysts expect them to go to a premium, possibly nearer a visit to the company's plastic laminates plant at Acsist in the US the week after next.

Investors were reassured by first-quarter results from LucasVarity that came in as expected, and the shares, which have fallen from 259p in October, rose 7 to 211p to make them the biggest Footsie riser. Analysts were said to have been impressed by the company's presentation on their recent visit to the Perkins subsidiary.

Shares in FKI were up 5½ to 180p in volume of 7.1m after it reported results at the top end of expectations and made bullish comments on the coming year. Mr Harry Philips at Panmure Gordon said: "What has been positive about today is that they have demonstrated how they will continue the spectacular growth of the past few years."

British Steel shares rose 3¾ to 156p, in volume of 6.8m, ahead of its results on Monday as traders positioned themselves for a positive trading statement on lines similar to that of French steelmaker Usinor Sacilor, which this week said it hoped for a stronger second half.

Shares in Sherwood International were marked up 19 to 280p after the computer software group said it had finalised a strategic alliance with Deloitte & Touche Consulting Group in the US.

Rentokil Initial shares were up 3 to 234½p helped by a positive research document from Merrill Lynch that recommended investors to "accumulate" the stock.

Food and drinks group Cadbury Schweppes rose 9 to 535p, after analysts at ABN Amro Hoare Govett restated their positive stance on the stock.

The company is currently holding meetings with various brokers around the city. The team at Hoare suggest underlying performance at the company is attractive and they expect a 10 per cent growth in earnings per share in the coming year.

Among banking stocks, the general advance in the market yesterday afternoon helped bring a turnaround in the fortunes of Abbey National.

The stock was hit earlier in the session by reports that Cazenove had downgraded its current year forecast and following year profit estimates.

Dealers suggested the broker had held a meeting with the company before making its move. Cazenove is understood to have cut its current year forecast by £35m to around £1.39bn with the 1998 pretax forecast reduced by £18m to about £1.49bn. It ended up 3½ at 892½p.

BOC improved 34 to £10.66, boosted by a recommendation from Goldman Sachs.

FT 30 INDEX

	Jun 12	Jun 11	Jun 10	Jun 9	Jun 6	Yr ago	*High	*Low
FT 30	3062.5	3026.6	3039.4	3002.8	2983.5	2787.0	3062.5	2668.8
Ord. div. yield	3.58	3.63	3.61	3.64	3.68	3.96	4.22	3.58
P/E ratio net	18.54	18.31	18.38	18.22	18.05	16.21	18.54	15.80
P/E ratio nil	18.35	18.12	18.20	18.04	17.87	15.99	18.35	15.71

FT 30 since compilation: high 3062.5 10/06/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3024.7	3028.2	3038.9	3040.2	3037.7	3038.7	3051.0	3058.9	3061.7	3063.5	3024.7

	Jun 12	Jun 11	Jun 10	Jun 9	Jun 6	Yr ago
SEAQ bargains	46,674	50,300	52,086	51,410	45,188	30,232
Equity turnover (£m)†	-	NA	NA	NA	NA	1867.8
Equity bargains†	-	NA	NA	NA	NA	35,507
Shares traded (ml)†	-	NA	NA	NA	NA	739.4

†Excluding intra-market and overseas turnover but including Crest turnover.

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■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	922	Total Highs	165	Total contracts	55,449
Total Falls	550	Total Lows	69	Calls	28,941
Same	1,598			Puts	26,508

Jun 12 *Data based on Equity shares listed on the London Share Service.

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FINANCIAL TIMES
No FT, no comment.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4737.0	4771.0	+31.0	4783.0	4725.0	15962	57327
Sep	4769.0	4803.5	+31.0	4810.0	4759.5	3196	25853
Dec		4857.0	+32.0			0	1218

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4520.0	4542.0	+37.0	4525.0	4520.0	70	4370
Sep		4594.0	+37.0			0	2905

■ FTSE 100 INDEX OPTION (LIFFE) (*4759) £10 per full index point

[illegible]

Calls 10,374 Puts 6,688

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

Calls 6,149 Puts 4,775 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
*	F.P.	3,574	655	532½	Alliance & Leic	614	-6½	L16.3	2.5	3.3	15.1
§	F.P.	89.9	1200	762½	Aston Villa	785	-15	R8.8	1.8	1.4	43.1
	F.P.	-	102	97½	Caradon B	99½		-	-	-	-
100	F.P.	25.0	100	100	Downing HI VCT	100		-	-	-	-
§40	F.P.	3.41	42½	30	†Eagles	35		-	-	-	-
*	F.P.	2,011	312½	270½	Gallaher	291½	+9½	19.25	1.4	8.3	11.1
*	F.P.	18,938	776	714	Halifax	754½	-2	s14.84	2.1	2.5	22.5
§140	F.P.	11.5	147½	98½	Heart of Midlthn	113½		-	-	-	-
100	F.P.	3.75	125	102½	†Integrated As Mg	125		-	-	-	-
§	F.P.	-	99	99	Intl Biotech C	99		-	-	-	-
§110	F.P.	5.17	130½	122½	†Lady in Leisure	124½		b-	-	-	-
§	F.P.	3.69	119½	112½	Longbridge Intl	117½		-	-	-	16.4
§10	F.P.	5.14	14¾	11½	†Newmark Tech	12¼		-	-	-	-
	F.P.	27.9	95	38½	†Petra Diamonds	95½	+1	-	-	-	-
	F.P.	1.25	75½	13½	†Do Warrants	75		-	-	-	-
§	F.P.	69.9	227	210½	Royalblue Grp	211½	-1	1.5	2.8	0.9	53.7
§100	F.P.	8.29	120½	112½	†SBS Group	117½		L2.4	2.0	2.6	20.7
§100	F.P.	22.5	112½	107	Topps Tiles	112½		-	-	-	11.8
§3	F.P.	5.04	4	3½	Versailles Group	3½		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1997 High	1997 Low	Stock	Closing price p	+or-
205	Nil	20/6	18pm	16pm	Pillar Props	17pm	
10	Nil	19/6	1½pm	¾pm	Tadpole Tech	¾pm	-¼

pm premium.

FTSE GOLD MINES INDEX

	Jun 11	% chg on day	Jun 10	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1580.71	+0.2	1557.69	2126.95	2.16	-	2130.03	1486.89
■ Regional Indices								
Africa (14)	1725.45	-0.9	1741.09	2835.88	5.13	27.53	2917.88	1687.50
Australasia (6)	1738.51	-1.1	1757.50	2553.37	3.00	19.47	2553.37	1729.01
North America (11)	1500.26	+0.8	1488.30	1866.60	0.96	61.80	1884.08	1335.84

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Jun 12	Day's chge%	Jun 11	Jun 10	Jun 9	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4757.4	+0.7	4724.8	4739.6	4686.7	3761.7	3.45	2.04	17.74	87.55	2030.19
FTSE 250	4545.2	+0.8	4506.9	4497.3	4484.1	4468.0	3.60	1.59	21.88	78.79	1895.59
FTSE 250 ex IT	4552.0	+0.9	4512.0	4502.0	4488.1	4511.5	3.74	1.62	20.64	80.76	1903.58
FTSE 350	2298.7	+0.7	2282.3	2287.2	2265.2	1901.7	3.48	1.95	18.41	41.82	2003.15
FTSE 350 ex IT	2296.5	+0.7	2261.9	2267.0	2264.6	-	3.51	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Higher Yield	2231.9	+0.7	2216.9	2220.5	2198.3	1829.3	4.46	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Lower Yield	2371.7	+0.8	2353.7	2359.9	2338.2	1981.4	2.46	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	2263.74	+0.1	2281.10	2279.37	2279.49	2240.27	3.09	[illegible]	[illegible]	[illegible]	[illegible]

■ FTSE Actuaries Industry Sectors

[illegible]

■ Hourly movements

[illegible]

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

PACIFIC

AFRICA

NORTH AMERICA

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INDICES

US INDICES

Dow Jones	Jun 11	Jun 10	Jun 9	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	7575.83	7539.27	7478.50	7575.83 (11/6)	6391.69 (11/4)	7575.83 (11/6/97)	41.22 (8/7/32)
Home Bonds	102.60	102.64	102.63	103.63 (19/2)	101.09 (14/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2676.49	2671.12	2689.00	2718.15 (6/6)	2222.07 (2/1)	2718.15 (6/6/97)	13.23 (8/7/32)
Utilities	220.58	219.89	221.00	240.85 (22/1)	208.47 (25/4)	258.48 (31/8/93)	10.53 (8/7/32)

DJ Ind. Day's high 7633.96 (7590.81) Low 7476.29 (7458.12) (Theoretical#)
Day's high 7584.19 (7572.30) Low 7534.81 (7478.06) (Actual#)

Standard and Poors	Jun 11	Jun 10	Jun 9	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	869.57	865.27	862.91	869.57 (11/6)	737.01 (2/1)	869.57 (11/6/97)	4.40 (1/6/32)
Industrials♥	1022.51	1017.73	1016.11	1022.51 (11/6)	865.42 (11/4)	1022.51 (11/6/97)	3.52 (30/6/32)
Financial	99.68	99.04	98.01	99.68 (11/6)	80.75 (2/1)	99.68 (11/6/97)	7.13 (4/9/74)
NYSE Comp.	453.50	451.76	450.17	453.50 (11/6)	389.47 (11/4)	453.50 (11/6/97)	4.64 (25/4/42)
Amex Comp.	622.67	621.11	619.57	622.67 (11/6)	541.20 (28/4)	622.67 (11/6/97)	524.20 (16/7/96)
NASDAQ Cmp	1407.85	1401.89	1412.04	1412.04 (9/6)	1201.00 (2/4)	1412.04 (9/6/97)	54.87 (3/10/74)

■ RATIOS

	Jun 6	May 30	May 23	Year ago
Dow Jones Ind. Div. Yield	1.70	1.73	1.89	2.16
	Jun 11	Jun 4	May 28	Year ago
S & P Ind. Div. yield	1.62	1.69	1.67	1.87
S & P Ind. P/E ratio	24.13	23.32	23.86	22.50

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Ph Morris	8,679,600	43¼	+½
Micron Tech	7,990,500	39⅝	-1⅛
LSI Logic	6,908,000	35¼	+1¼
Mercury Fin	6,235,900	2¾	+½
CUC Intl	4,897,800	24⅞	+¼
Compaq	4,795,800	99⅝	-3¼
Hilton Hts	4,471,800	28⅝	+⅛
John & John	4,198,400	63¾	+1⅞
Phrmacia	4,116,000	34⅝	-¼
Gateway 2000	3,839,500	62½	+1¾

■ TRADING ACTIVITY

● Volume (million)

	Jun 11	Jun 10	Jun 9
New York SE	517.241	531.026	485.574
Amex	20.087	20.274	22.492
NASDAQ	631.851	674.852	568.404
NYSE			
Issues Traded	3,372	3,384	3,360
Rises	1,515	1,409	1,419
Falls	1,028	1,137	1,088
Unchanged	829	838	853
New Highs	293	307	334
New Lows	15	10	8

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	870.35	877.00	+8.45	877.50	868.60	78,333	130,586
Sep	884.50	888.50	+7.10	888.50	880.00	13,163	74,056

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	20490.0	20580.0	+270.0	20720.0	20430.0	10,345	154,790
Sep	20640.0	20680.0	+230.0	20770.0	20470.0	24,265	140,913

Open interest figures for previous day.

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ... highs and lows are the averages of the highest and lowest prices reached during the day by each ... and lows represent the highest and lowest values that the index has reached during the day. (The ... ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS Thursday, June 12, 1997

	Stocks Traded	Closing Prices	Change on day
Sakura Bank	7.9m	795	+32
Nomura Secs	6.3m	1430	+50
NKK Corp	6.1m	236	-1
Sumitomo Bank	6.0m	1770	+90
Toshiba Corp	5.8m	751	+4
Hitachi	5.7m	1260	
Fuji Bank	5.4m	1600	+50
Sanwa Bank	5.0m	1630	+100
Bk Tk-Mitsubishi	5.0m	2140	+70
Mitsubishi Hvy	4.5m	880	-5

Prices supplied by Extel, part of FT Information.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Prices in US $.

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4 pm close June 12

NEW YORK STOCK EXCHANGE PRICES

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
		- A -								
32⅞	24¼	AAR	0.48	1.5	24	152	32⅛	31⅞	32	-⅛
43	32¼	AMP	1.04	2.6	32	4792	40⅞	40¼	40¾	+⅛
103¼	76¼	AMR			7	9898	95⅛	92⅝	93⅞	-¾
37⅝	31½	ASA	1.20	3.5	22	458	33¼	33⅛	33¼	-¼
67⅛	48¾	AbbtL	1.08	1.6	26	10838	66⅝	65¼	65⅞	+¾
18⅝	14½	AbtiBd Pr	0.40	2.3	9	x0	17¾	17¾	17¾	
20	17⅞	ABM Ind	0.40	2.0	17	123	19¾	19⅝	19¾	+⅛
23	17¼	Acptcotla			11	52	22½	22	22½	+⅞
68⅞	50⅛	ACE Ltd	0.88	1.3	11	2517	u67⅞	65¾	67¼	+2
10¾	10	ACM Grt In x	0.90	8.7	11	255	10½	10⅜	10⅜	
7⅝	7	ACM GvOpp x	0.63	8.5		66	7⅜	7⅜	7⅜	
9⅞	9¼	ACM Man x	0.90	9.1		336	u9⅞	9¾	9⅞	+⅛
10⅜	6¼	Acme Elect				77	7¼	7	7	-⅛
20	13	Acme Mills				135	17⅜	17¼	17¼	-⅛
18⅞	14	ACNielsen			34	1346	u19	18⅝	19	+¼
39⅞	27¼	Acordia	0.80	2.0	19	131	u39⅞	38¾	39⅞	+⅛
29¾	21⅛	Acuson				783	22⅜	22	22⅛	-¼
22⅞	19⅜	Adams Expr	0.55	2.4	1	523	u22¾	22⅜	22⅝	+⅜
48½	24⅞	AdvMic				32927	38¾	37⅝	37⅞	-1½
17⅞	10⅜	Advest Grp	0.03	0.2	13	498	u18⅛	17⅞	18⅛	+¼
15⅞	11⅜	Advo Inc			19	135	u16	15¾	16	+⅛
76⅝	61⅛	Aegon	1.31	1.8	20	13491	74½	73⅜	73⅞	-⅜
5⅛	3⅛	Aerflx				371	4	3⅞	4	+⅛

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FINANCIAL TIMES

Continued on next page

NYSE PRICES

4 pm close June 12

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close June 12

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
Dealings suspended.

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AMEX PRICES

4 pm close June 12

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$5	-0.125	8220	8.25	4.375	Esprit Telecom ADS	US$9.5	+0.125	2400	12.25	5.375
Artwork Systems	US$10.5	-0.125	111085	11.125	9.5	Innogenetics	US$11.75		42702	12.75	10.375
Chemunex	FFr18	-	125000	18	14	Mentor Internatl.	US$10	+0.25	0	11.75	8.725
Dr Solomon's ADS	US$24.125	+2.5	0	28.5	16.875	PixTech	US$4.125		0	8.125	3.875

Prices for 12/6/97. Please note that mid prices are now used to calculate highs and lows.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel. 44-171 / 489 9990).

★ FINANCIAL TIMES Friday June 13 1997

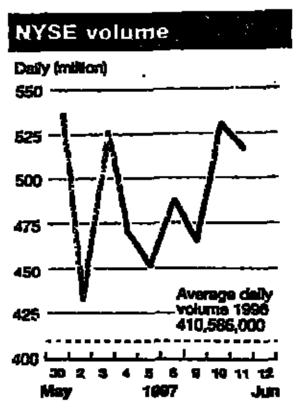
Dow jumps after surge for bonds

AMERICAS

US blue chips reached further record-setting heights at midsession, helped by a positive outlook on inflation, *writes Jane Martinson in New York.*

The Dow Jones Industrial Average rose 84.55 to 7,660.38, building on the previous five straight sessions in which it had reached all-time highs.

Few analysts expected the leading indicator to reach such levels so early in the year, although some now believe that the 8,000 level could be breached in the short to medium term. The broader-based S & P 500 rose 8.15 to 877.72.



After appearing to move under their own steam for the past week, blue chips were inspired by an improvement in bond prices. The benchmark 30-year bond gained ⅞ to 98⅜, sending the yield down to 6.769 per cent, after weaker than expected retail sales figures deflated worries about a rise for interest rates.

Blue chip gains were not widely shared, however. The technology-driven Nasdaq composite index eased 0.84 to 1,407.01. Early gains were wiped out after the market digested an earnings downgrade for Intel, the world's largest silicon chip manufacturer. The group fell $3⅝ to $144 while several other technology stocks fell in sympathy, including Cisco and Dell.

Smaller companies, which have also failed to keep up with the blue chips this week, fared better. The Russell 2000 index of smaller companies, gained 0.87 to 388.49, partly on strength in the financial services sector, which makes up its largest component group.

Banking stocks rallied strongly in the wake of expectations that interest rates would be held at current levels. BankAmerica gained $2⅝ or 2 per cent to $129⅝. J.P. Morgan failed to benefit from the trend as Goldman Sachs cut its earnings forecast.

Tobacco stocks also rose on hopes that a settlement on peace talks could come as early as next week. Philip Morris rose $2⅜ or 5.5 per cent to $45 while RJR Nabisco gained $1⅞ to $34⅝.

The market received a fillip from the successful initial public offering of Polo Ralph Lauren, the US fashion group.

Shares in Rank Xerox rose 4 per cent $73¼ after the group announced the appointment of a new president.

TORONTO moved higher, helped by the early strength on Wall Street but mostly buoyed by a strong run for the banks in the wake of the morning's gains in the currency and bond markets.

The banking sector shot forwards following news of weaker than expected US retail sales data, which sparked a surge for bonds. Royal Bank of Canada jumped C$1.10 to C$60 and Bank of Montreal gained 90 cents to C$53.50.

The excitement here was enough to offset mixed trading elsewhere and at noon the 300 composite index was 20.79 higher at 6,480.30 in moderate two-way trade.

Alcan Aluminium added 15 cents to C$51.55.

Santiago rises strongly

Latin American markets pushed uniformly higher on the bounce for US bonds.

SANTIAGO rose strongly, helped by the favourable anti-monopoly ruling for Enersis, which sparked heavy buying of power and telecom shares. Enersis gained 2 per cent to 307 pesos and Entel rose 1 per cent to 3,125 pesos. At midsession, the IPSA index was up 2.12 or 1.6 per cent at 136.90.

MEXICO CITY continued to push into record territory, adding a further 27.78 to 4,222.22 on the IPC index at midsession. Telmex rose 14 centavos to 19.06 pesos and Bancomer 7 centavos to 3.34 pesos. Mining leader Grupo Mexico was the morning's most active share, adding 1.10 pesos to 23.10 pesos.

SAO PAULO notched up a midsession advance of 147 or 1.3 per cent to 11,637 on the Bovespa index.

S Africa sees modest upturn

Shares in Johannesburg continued to gain ground but the upturn was modest in comparison with Wednesday's surge and it owed much to another strong session for financials.

At the close, the all-share index was up 6.6 at 7,292.7. Golds were weak and industrials mixed. But financials stayed firm on an enduring story of an imminent interest rate cut.

Industrials finished down 2.6 at 78,502.1 and golds came off 16.2 to 1,147.8 as the bullion price stayed under a cloud.

In contrast, the financials index rose 43.6 to a new high of 9,783.5.

Among leading stocks, De Beers added R2.75 to R164 and South African Breweries put on 50 cents to R132.5. Barlows lost 25 cents to R47.65. Bullion worries sent Vaal Reefs down R5 to R265.

Electrolux soars 14% on restructuring news

EUROPE

A broad selection of leaders went into overdrive in **STOCKHOLM**. Electrolux, Incentive and Volvo all powered up under the influence of important news.

Electrolux was the star turn, racing higher by 14 per cent on news of a radical restructuring involving the loss of 12,000 jobs over two years. The shares jumped SKr64.00 to SKr529 in almost 1.5m traded.

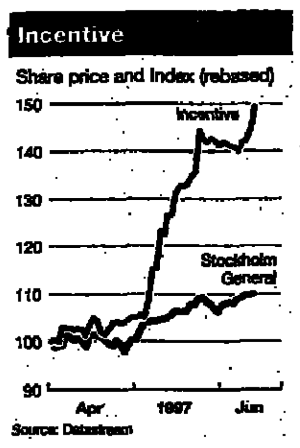
Volvo advanced SKr1.5 to SKr209 on a positive trading statement and confirmation that the motor giant was determined to make acquisitions. Incentive surged 3 per cent on news of a near $1bn capital gain on the disposal of a big stake in ABB.

Incentive plans to concentrate more fully on its core medical operations and the market yesterday was seething with acquisition speculation.

The shares touched SKr750 at one stage before closing at Skr732, up SKr25.

ABB eased SKr3.5 to SKr111, the price at which part of the former Incentive stake is being offered to institutions. Investor, which is acquiring the balance of the shareholding, came off SKr5.50 to SKr392.

At the close, the general index was up 7.45 at 2,897.31, but the session was not all sweetness and light. Pharmacia & Upjohn, which has issued a string of profits warnings in recent months, fell SKr7.50 to SKr264.5 after talk of a downgrade by a leading US broker.



ZURICH returned to the upward path after two days of consolidation and the SMI index closed 55.6 higher at 5,364.2.

Novartis and UBS, under some pressure earlier in the week, led the way.

UBS picked up SFr24 to SFr1,688 as investors turned their attention back from CS Holding, in the continued absence of an important cooperation deal from the bank. CS eased 75 centimes to SFr191.50.

Novartis rose SFr50 to SFr2,070 while ABB lost SFr22 to SFr2,163 on profit-taking.

Tag Heuer, the sports watchmaker, rose SFr2.50 to SFr220, extending its advance over three trading days to 10 per cent following Monday's announcement that Mr Robert Louis-Dreyfus, who masterminded the stock market flotation of Adidas, the German sportswear company, was to take over as chairman. Analysts noted that the company, which has substantial sales in Japan, was also benefiting from a stronger yen in recent months.

Swissair jumped SFr71 or 4.7 per cent to SFr1,586. A planned presentation to analysts in London later in the month has prompted renewed speculation that the airline could be planning a spin-off of its catering activities.

Kuoni picked up another SFr15 to SFr4,935, extending this week's advance to 4.6 per cent in response to reports of strong summer holiday bookings from the UK.

Ascom, up SFr65 at SFr2,000, gained on news that it had completed the sale of its lossmaking Ascom Nexion unit to Fujitsu Network Communications of the US for $130m.

PARIS closed at a session high with the CAC 40 up 64.08 at 2,760.27. Motors were again strong. Renault rose FFr6.50 or 4.9 per cent to FFr139.5 and Peugeot gained FFr26.00 to FFr580. Annual meeting enthusiasm got behind Michelin, up FFr13.00 at FFr338, and L'Oréal which added FFr84.00 to FFr2,344.

Talk of a US roadshow, denied by the company, pushed Carrefour ahead by FFr143 to FFr4,177. Crédit Lyonnais jumped FFr6.50 to FFr221.5 after a French press report suggested the troubled bank needed a final state cash injection of FFr5bn – half recent estimates.

FRANKFURT closed at an all-time high, rising 1.8 per cent in response to strong early gains on Wall Street and supported by the strength of the dollar. The Ibis-indicated Dax rose 65.29 at 3,737.16 in turnover that picked up from Wednesday's DM10.2bn to DM12.8bn.

Corporate news, however, provided few leads.

Altana gave up DM75 to DM1,705 after the company rejected speculation that it was being lined up as a takeover target or would shortly launch a new lung treatment.

Elsewhere, dealers said share price gains were largely technical, with Degussa soaring DM6.79 to DM94.40, leading other chemicals higher.

Motor stocks were helped by the firmer dollar with BMW up DM42 to DM1415 and Daimler-Benz settling at DM137.20, up DM2.30.

AMSTERDAM cruised to another record with the AEX index ending up 12.21 at 839.36.

Financials were strong. Hagemeyer continued its recent firm run and ASM Lithography bounced Fl 1.02 to Fl 48.05 after Oppenheimer added the stock to its coverage list.

Philips was active in trade of 1.8m shares, adding F 1.60 to Fl 115.40 and Ahold responded to keenly awaited first-quarter results with a Fl 3.10 gain to Fl 159.80.

Backed by newly installed coverage by Goldman Sachs, Hagemeyer continued to power ahead, adding Fl 3.90 to Fl 103.70 to extend its rally to close on 10 per cent in four days.

MILAN saw a renewed surge of buying in response to hopes that France and the EU could agree on a stability pact, Wall Street's strong showing and underlying strength in bonds. The Comit index was 8.59 higher at 771.88 in turnover that leapt from Wednesday's 923bn to L1,632bn.

Credito Italiano leapt L227 to a four-and-a-half-year high of L2,862 as Goldman Sachs upgraded the stock to its European priority list. The US investment bank issued a report, called The Most Thorough Restructuring in European Banking, and said that Credito represented one of the best investment opportunities in the European bank sector.

Robert Fleming, meanwhile, upgraded its earnings estimates for 1998 and 1999 and set a target price for Credito of L3,300.

MADRID powered to an all-time high, boosted by advances in futures related trade and bond market gains. The general index climbed 9.21 to 580.87.

Written and edited by Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Jun 12 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2387.97	2399.72	2399.86	2400.41	2400.84	2402.59	2404.01	2406.56
FTSE Eurotrack 200	2437.59	2438.38	2436.73	2437.27	2438.99	2440.84	2442.90	2445.01

	Jun 11	Jun 10	Jun 9	Jun 6	Jun 5
FTSE Eurotrack 100	2385.82	2391.52	2388.87	2376.85	2368.87
FTSE Eurotrack 200	2426.41	2427.86	2414.36	2401.58	2384.62

Base value 1000 (26/10/90) Highday: 100 - 2406.58; 200 - 2445.65 Lowday: 100 - 2387.97 200 - 2433.25 † Partial

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Hong Kong falls 3.5% on property, China worries

ASIA PACIFIC

Concerns about the local property sector and China's stock markets left **HONG KONG** tumbling 3.5 per cent and the Hang Seng index closed below 14,000 for the first time since May 13. The Hang Seng lost 497.18 to 13,924.34 in turnover little changed at HK$17.4bn.

Analysts said a number of leading brokers had turned bearish on the Hong Kong market while some funds were seen to be unloading their holdings.

Dealers noted that Beijing had been cracking down on liquidity in China's exuberant markets with a recent series of measures, including a ban on state banks from investing in equities. Many investors were also said to be awaiting measures by the incoming Hong Kong government to curb rising local property prices.

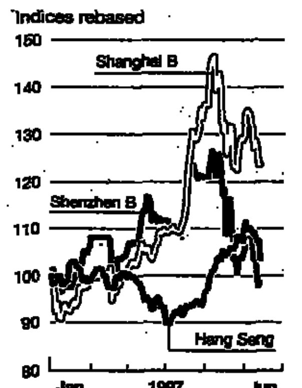
Property stocks led the falls, with Henderson Land losing HK$3.25 to HK$65 and Sun Hung Kai Properties dropping HK$3.50 to HK$86.

Market leader HSBC tumbled HK$6 to HK$227.

Elsewhere, Pearl Oriental plunged 62 cents or 35.8 per cent to HK$1.11 after the company denied rumours of a possible investigation into its share price movement by Hong Kong stock regulators; it also denied financial difficulties.

Both of China's domestic stock markets saw small rebounds after Wednesday's sharp losses. **SHANGHAI**'s hard currency B index edged 0.121 higher at 82.918 after the previous session's 3 per cent tumble, while its counterpart index in **SHENZHEN** picked up 0.96 to 143.32.

TOKYO rallied 1.4 per cent to recoup the previous day's losses as a dollar rebound against the yen lifted some blue-chip exporters and spurred foreign buying of bank shares, *writes Gwen Robinson.*



The Nikkei 225 average jumped 274.53 to 20,564.46 after moving between 20,340.43 and 20,696.87.

Trading was supported from the outset by large, basket-style purchases by domestic institutions. Foreign investors sought shares across sectors including banks and domestic demand-driven issues.

Volume rose from 396m shares to an estimated 448m. Advances led declines 781 to 289 with 178 unchanged. The Topix index of all first-section stocks added 17.62 to 1,526 and the capital-weighted Nikkei 300 was up 3.66 at 294.36.

In London, the ISE/Nikkei 50 index rose 6.80 to 1,602.42.

Banks were the day's biggest gainers with the sector rising 2.5 per cent, mainly on short-covering by foreign investors. Sakura Bank, the day's most active issue, rose Y32 to Y795. Bank of Tokyo-Mitsubishi jumped Y70 to Y2,140, Sanwa Bank Y100 to Y1,630 and Sumitomo Bank Y90 to Y1,770.

Dai-Ichi Kangyo Bank, which has fallen steadily since last month's disclosures of illegal dealings with corporate racketeers, gained Y10 to Y1,370. Nomura Securities, also embroiled in the scandal, added Y50 to Y1,430.

However Jusco, the supermarket operator whose president – a former DKB executive – was arrested this week in connection with the dealings, slid Y100 to Y3,890.

Blue-chip exporters were mixed, in spite of the dollar's rebound. Semiconductor-related issues continued their recent advance. Tokyo Electron jumped Y130 to Y5,650 and Advantest surged Y250 to Y8,550. Sony added Y40 to Y9,890 and Toyota Y40 to Y3,330. Honda, however, slipped Y10 to Y3,310 and Fuji Photo Film shed Y50 to Y4,530.

Industrial equipment makers benefited from news that corporate capital investment will rise significantly in the current business year to March. Yamatake-Honeywell rose Y70 to Y2,180 and Yokogawa Electric added Y4 to Y1,000.

In Osaka, the OSE average added 138.84 to 21,299.57 and volume fell to 17.1m shares.

SYDNEY bounced on rate cut hopes, a banking takeover story and a strong rise for News Corp. The All Ordinaries index pushed up 24.4 to a record close of 2,638.1.

The highlights of a busy session were News Corp, which jumped 40 cents or 6.8 per cent to A$6.27 on news of Mr Rupert Murdoch's latest clutch of US TV deals, plus an outbreak of takeover talk at ANZ Bank.

ANZ rose 56 cents or 6.1 per cent to A$9.78, prompting the bank to put out a statement saying it knew of no reason for the movement. A number of foreign banks were said to be eyeing ANZ. Commonwealth bank gained 15 cents to A$14.45.

Sentiment was also boosted by flat employment figures, which gave added zest to hopes for a reduction in interest rates. Current best bets among brokers suggest that the central bank will make a move before the end of next month.

BANGKOK continued to lose ground in modest volume. The SET index shed a further 1.64 to 519.76 in Bt3.2bn turnover for a three-day decline of almost 3 per cent.

Financials stayed at the top of the activity charts. Bangkok Bank came off Bt1.00 to Bt143 and Noble Development ended first dealings at a heavy discount to its flotation price. Issued at Bt16, Noble opened at Bt11.50 and closed at Bt6.10.

KUALA LUMPUR demonstrated its concern over this week's news that Telekom had bought a 20 per cent stake in Samart, the Thai telecommunications company, and worries over the impact of earlier than expected local deregulation within the telecommunications market.

The composite index fell 7.84 to 1,100.41 and Telekom dripped to an early low of M$11.40 but subsequently pulled up to close unchanged at M$12.20.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY JUNE 11 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY JUNE 10 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	232.31	-1.1	210.40	163.51	207.10	203.62	-0.8	3.78	234.97	212.50	167.36	209.71	205.17	234.97	188.44	201.79
Austria (24)	196.68	0.4	178.13	138.43	175.34	175.26	0.3	1.90	195.85	177.12	139.50	174.79	174.73	200.52	174.70	192.48
Belgium (26)	255.58	0.2	231.48	179.88	227.85	223.07	0.0	3.21	255.17	230.77	181.75	227.74	223.00	255.58	206.70	210.57
Brazil (30)	275.51	1.2	249.53	193.91	245.62	544.15	1.2	1.32	272.36	246.31	193.99	243.08	537.72	275.51	182.65	162.65
Canada (112)	207.95	-0.1	188.34	146.36	185.39	208.80	-0.2	1.67	208.15	188.25	148.26	185.77	209.22	209.45	154.12	161.69
Denmark (32)	389.86	0.0	353.10	274.39	347.56	346.23	-0.1	1.46	389.97	352.68	277.76	348.04	346.62	391.53	295.04	295.04
Finland (28)	279.06	1.4	252.75	196.41	248.78	301.59	1.3	1.51	275.09	248.78	195.93	245.51	297.62	279.84	186.67	193.97
France (91)	222.02	1.2	201.09	156.26	197.93	201.94	1.1	2.81	219.37	198.39	156.25	195.78	199.84	232.34	186.94	196.31
Germany (59)	214.76	0.5	194.51	151.15	191.46	191.46	0.4	1.49	213.76	193.32	152.25	190.78	190.78	216.90	168.28	168.28
Hong Kong (66)	505.33	-0.8	457.68	355.66	450.50	502.23	-0.8	3.01	509.39	460.68	362.82	454.63	506.32	526.88	407.55	428.70
Indonesia (27)	239.06	0.6	216.51	168.25	213.12	356.14	0.6	1.61	237.70	214.97	169.31	212.15	354.20	-	-	-
Ireland (17)	348.80	-0.9	315.91	245.49	310.95	324.71	-0.8	2.91	351.98	318.32	250.70	314.14	327.23	351.98	270.06	265.37
Italy (59)	88.19	1.4	79.88	62.07	78.62	111.29	0.9	2.27	86.93	78.62	61.92	77.58	110.27	96.32	73.26	80.92
Japan (485)	138.64	0.8	125.57	97.58	123.60	97.58	-0.4	0.81	137.50	124.35	97.94	122.72	97.94	158.25	107.57	152.96
Malaysia (107)	532.41	-0.3	482.20	374.72	474.64	515.55	-0.3	1.33	534.07	483.00	380.40	476.65	517.22	660.65	510.10	550.23
Mexico (27)	1495.89	1.0	1354.84	1052.84	1333.58	13044.12	1.1	1.15	1480.76	1339.16	1054.69	1321.56	12895.24	1495.89	1110.35	1230.24
Netherland (19)	383.35	-0.2	347.20	269.81	341.76	337.47	-0.3	2.31	384.15	347.41	273.62	342.85	338.56	385.12	279.88	298.32
New Zealand (14)	92.29	1.0	83.59	64.96	82.28	70.80	0.9	4.06	91.37	82.63	65.08	81.54	70.17	95.60	76.84	77.15
Norway (41)	312.64	-0.7	283.16	220.04	278.72	303.78	-0.9	2.02	314.88	284.77	224.28	281.03	306.51	321.23	246.04	256.39
Philippines (22)	167.46	0.7	151.67	117.87	149.29	220.14	0.7	0.85	166.27	150.37	118.43	148.39	218.53	-	-	-
Singapore (42)	391.88	0.1	354.93	275.81	349.36	256.13	0.1	1.18	391.32	353.90	278.72	349.25	255.98	448.01	380.08	419.72
South Africa (44)	362.75	0.8	328.55	255.31	323.39	356.51	0.5	2.44	360.65	326.17	256.88	321.89	354.81	370.12	301.49	358.15
Spain (35)	255.67	1.1	231.56	179.94	227.93	280.97	0.8	2.33	252.86	228.68	180.10	225.67	278.61	262.42	171.91	180.04
Sweden (49)	460.68	0.5	417.24	324.23	410.68	529.44	0.1	1.96	458.58	414.73	326.63	409.28	528.94	467.61	334.35	360.75
Switzerland (35)	298.21	-0.4	270.09	209.89	265.85	265.58	-0.9	1.26	299.53	270.89	213.35	267.33	267.98	301.09	231.68	231.81
Thailand (43)	61.18	0.2	55.41	43.06	54.54	56.75	-0.1	5.50	61.03	55.19	43.47	54.47	56.80	172.92	59.76	170.87
United Kingdom (212)	304.33	-0.4	275.63	214.19	271.31	275.63	-0.3	3.63	305.57	276.35	217.65	272.72	276.35	305.57	229.63	233.60
USA (650)	352.09	0.5	318.89	247.81	313.89	352.09	0.5	1.74	350.35	316.84	249.54	312.68	350.35	352.09	254.79	273.36
Americas (819)	322.12	0.5	291.74	226.71	287.17	271.33	0.5	1.74	320.57	289.91	228.33	286.10	270.04	322.12	233.09	249.51
Europe (727)	264.83	0.1	239.68	186.25	235.92	245.06	0.0	2.60	264.30	239.02	188.25	235.88	244.98	264.79	204.71	209.57
Nordic (150)	397.90	0.4	360.38	280.05	354.73	394.35	0.1	1.63	396.31	358.42	282.28	353.71	393.81	401.56	291.45	306.51
Pacific Basin (862)	156.02	0.5	141.31	109.81	139.09	111.54	-0.4	1.27	155.26	140.41	110.58	138.57	111.99	170.85	127.18	165.97
Euro-Pacific (1609)	201.35	0.3	182.37	141.72	179.51	161.89	-0.2	2.00	200.77	181.57	143.00	179.18	162.16	201.35	173.55	184.03
North America (762)	343.23	0.5	310.86	241.57	305.99	342.59	0.5	1.75	341.62	308.95	243.32	304.89	341.01	343.23	248.65	266.46
Europe Ex. UK (515)	237.42	0.4	215.03	167.10	211.66	222.96	0.2	2.02	236.40	213.79	168.38	210.98	222.52	238.96	185.65	191.33
Pacific Ex. Japan (397)	307.95	-0.6	278.91	216.74	274.54	269.32	-0.5	2.77	309.83	280.20	220.68	276.52	270.75	320.65	269.97	286.59
World Ex. US (1822)	204.78	0.3	185.48	144.13	182.57	168.48	-0.1	1.98	204.18	184.66	145.43	182.23	168.70	204.78	176.94	185.26
World Ex. UK (2260)	246.55	0.5	223.30	173.53	219.80	215.67	0.2	1.68	245.38	221.91	174.77	219.00	215.22	246.55	199.58	210.48
World Ex. Japan (1987)	309.73	0.3	280.53	218.00	276.13	298.38	0.3	2.09	308.81	279.28	219.96	275.61	298.58	309.73	233.10	245.36
The World Index (2472)	251.52	0.4	227.80	177.09	224.23	221.19	0.2	1.87	250.54	226.58	178.45	223.61	220.83	251.52	202.32	212.58

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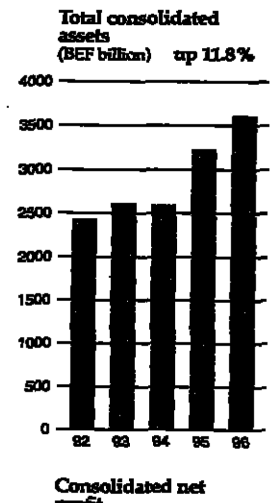
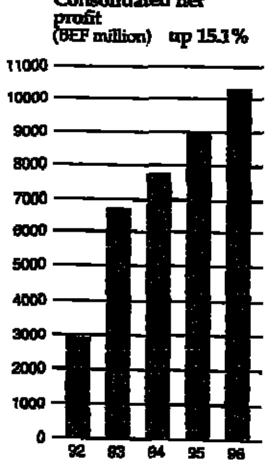
CONSTITUENT CHANGE WITH EFFECT 13/6/97: Deletion: US Robotics (USA). CONSTITUENT CHANGE 12/6/97: Name change: CRA Ltd to Rio Tinto Ltd (Australia). Latest prices were unavailable for this edition.

Net Profit BEF 10.29 billion

Operating ratios continue to improve





Highlights of the year

Continuation of the "Network 2000" restructuring programme and intensification of information technology and telematic applications ◆ Equity up by 12.2% ◆ New improvement in the cost/income ratio, down from 62.93% to 60.94%, despite a significant rise in charges related to early retirement ◆ Strong performance of merchant & investment banking and sustained activity on the euro-bond markets ◆ BBL manages funds in excess of BEF 1,000 billion (up by 20%) for customer account ◆ Creation of BBL Asset Management Singapore ◆ Co-operation agreement signed with Vysya Bank (India) ◆ New local head office in Dublin and representative offices in Moscow and Johannesburg ◆ Acquisition of an 11% stake in Amerbank in Poland and enhanced activity in Poland, the Czech Republic and Russia via MC-BBL Eastern Holdings ◆ Acquisition by BBL France of a majority stake in Ferri, the Paris stockbroking firm ◆ Dividend up by 8.6%, corresponding to a payout ratio of 48%.

1997 Challenges

To achieve a 10% growth p.a. and to face the challenge of the introduction of the Euro. To this end, the Bank's various lines of business will have to be further developed and the rate at which new products are created accelerated.

Consolidated Data

in BEF millions	31/12/96	Evolution
Total assets	3,604,200	+ 11.8%
Shareholders' equity	89,400	+ 12.2%
Group net earnings	10,291	+ 15.1%
Net dividend (in BEF)	190	+ 8.6%
Ratios	1995	1996
Return on Equity	11.81%	12.17%
Total Capital Ratio	11.00%	11.09%
Tier One Capital Ratio	6.69%	6.59%

The full report in French, Dutch and English, and a shortened version in English and German, can be obtained on request from the Secretary General's Office Fax: (322) 547 38 44

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RECRUITMENT

Companies have not decided how best to manage knowledge workers, says **Richard Donkin**

Value and rewards of brainpower

Walter Wriston, the former chairman of Citicorp, once said that "information about money has become more valuable than money itself".

He wasn't alone in appreciating the value of knowledge. Nathan Rothschild, founder of the London arm of the banking dynasty, was a master at profiting from intelligence. He famously made a stock market killing from the British victory at Waterloo. When Rothschild's pigeons flew home first with the result, his reaction was to sell and the market followed suit. Then he bought.

Rothschild showed that information itself is less important than the way it is used. This lesson is digested and analysed in an insightful new book* by Thomas A Stewart, a US business writer and board member of Fortune magazine.

It is some time since Fritz Machlup, a Princeton university economist, published a work called The Production and Distribution of Knowledge in the United States. The theme was later developed by Peter Drucker, who pursued the idea of the "knowledge worker". But companies have begun to grapple with the concept only recently, helped partly by the writings of Charles Handy.

Handy's and Drucker's books have been seized on by modern management which has distilled complex thinking into mantras such as "our employees are our greatest assets". This has become a cliché because the statement is simply not true. The quickest way to have an impact on the bottom line is to downsize.

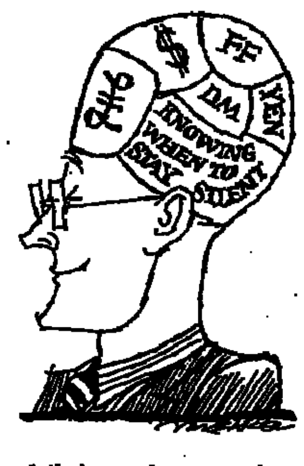
Even the most knowledge-based companies have discovered this. Stewart notes that 10 years ago Fortune called Thomas J Watson Jr, the long-time leader of International Business Machines who retired in 1971, "the most successful capitalist in the world". By 1993 IBM had lost a third of its staff and all of its profits.

Today's candidate might be Bill Gates, the founder of Microsoft. But will he still be in the frame in 10 years? The information revolution has made the management of knowledge one of the great corporate challenges. Yet, so often, its management is misunderstood.

Some companies, says Stewart, believe that the answer is to recruit the brightest people. This would appear to make sense. He quotes a 1995 study by the National Centre on the Educational Quality of the Workforce, in association with the US Census Bureau, looking at the relationship between education and productivity in 3,100 US workplaces.

The research showed that, on average, a 10 per cent increase in the workforce's education level led to an 8.6 per cent gain in productivity. This could be compared with a 10 per cent rise in plant and equipment values which increased productivity by 3.4 per cent.

Why, he asks, do companies manage the brainpower



of their employees so haphazardly? "A principal reason, I believe," he writes, "is that they have a hard time distinguishing between the cost of *paying* people and the value of *investing* in them."

Another example which shows the real financial value of people who might be described as knowledge workers, says Stewart, was the move by institutional investors to have Maurice Saatchi dismissed from Cordiant, the advertising agency that used to be called Saatchi & Saatchi. Not only did he leave, but several other directors left in protest. Some large customers such as Mars and British Airways also defected.

What the balance sheet would record as a "non-event" led to a halving of the company's share price. This answers the question often asked by Handy: "What happens when your assets walk out of the door?" Stewart writes: "The institutional shareholders thought they owned Saatchi & Saatchi. In fact, they owned less than half of it." Most of the value, he says, was human capital.

Unfortunately, simply employing bright people is not a guarantee of success. Stewart shows that, while you might have the best brains, if they aren't working for you, then you must question why you employed them. Some 150,000 of what he calls "the brightest workers in the world" left IBM. The problem had been, as IBM later admitted, that many of them were working to their own agenda.

Is Gates wrong to seek out the brightest then? Is it possible to be too intelligent for the job? Some companies seem to believe this, as university careers offices will attest. The most brilliant people are not always easy to manage but, if the job demands a brilliant mind, then it seems logical to seek out the best.

One problem for management is defining the knowledge worker. Stewart points to statistics compiled by the US National Bureau of Standards which show that in 1900 some 73 per cent of employees were in production. By 1940 the proportion was 57 per cent and by 1980 it was little more than a third while the proportions of employees in managerial, administrative, technical, professional and service jobs were growing.

But it is too simplistic to make distinctions between blue- and white-collar workers. Some administrators might be about to have their job automated while some assembly-line engineers have found their jobs becoming increasingly technical.

Neither should the knowledge worker be seen as some sort of late 20th century animal. The old City and Guilds qualifications demanded far more understanding than seems to be expected by some of today's National Vocational Qualifications.

Another management problem is information itself. Many companies which allow employees e-mail access have experienced the problem of information overload. Sun Microsystems, for example, has something like 1.5m internal messages a day – 120 per employee. The danger here, as a manager admits, is that "the urgent drives out the important".

Stewart makes clear that managing knowledge is a complex issue that has been tackled poorly in many companies. The challenge for companies will be to tie in their best employees, whatever their contractual arrangements, and exploit, not waste, their abilities.

Computer businesses, faced with skills shortages, are beginning to realise this. Only last week Unysis, the computer company, launched a recruitment drive for its Information Services Group in the UK, offering three-year contracts and incentive bonuses ranging from 50 per cent to 120 per cent of the first-year salary. Whether the bonus is the best way of rewarding knowledge is debatable but it shows that the market value of the best IT workers is climbing fast.

**Intellectual Capital, The New Wealth of Organisations, by Thomas A. Stewart is published by Nicholas Brealey, price £16.99.*

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MANAGER

CJA

CITY **£40,000-£60,000**

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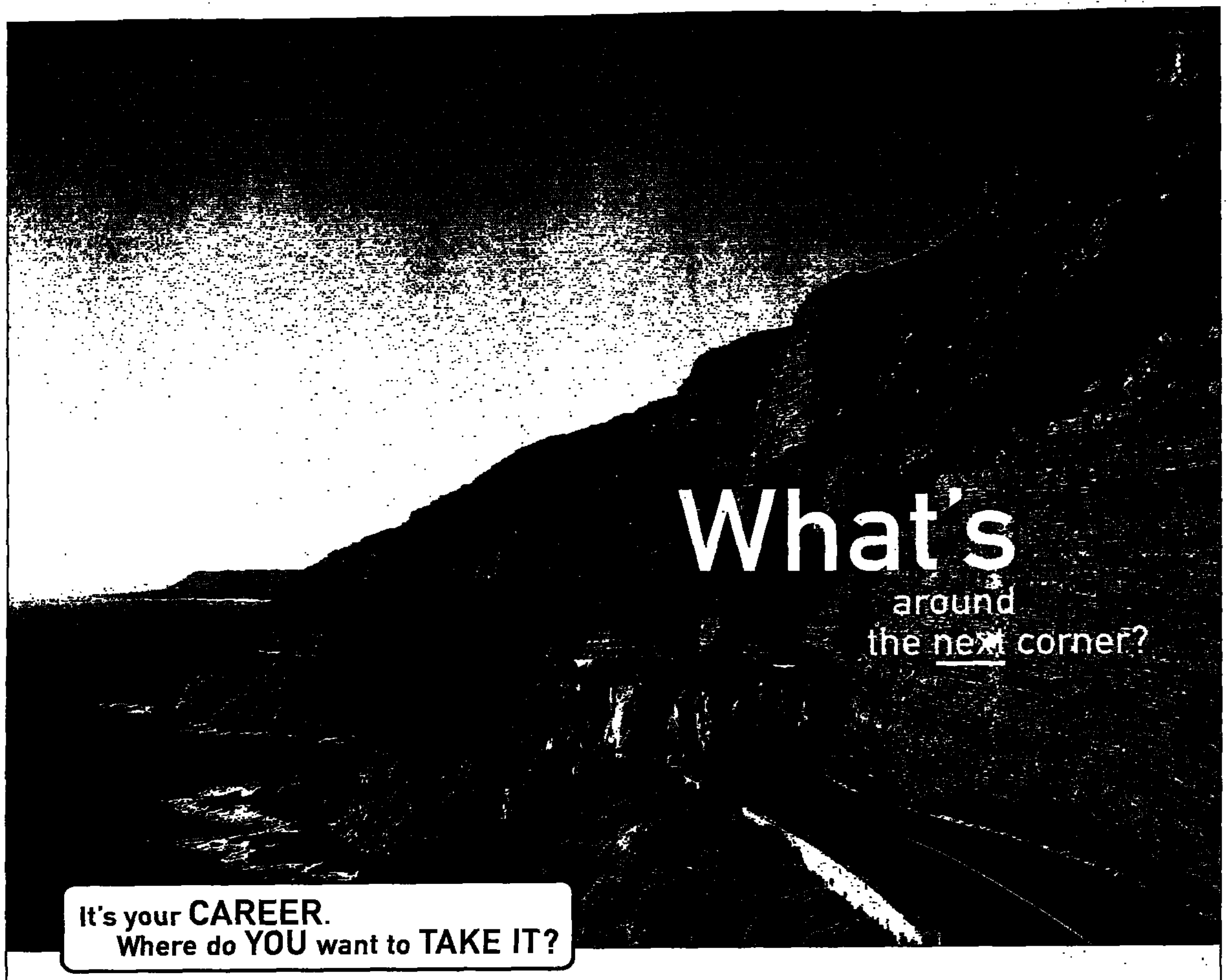

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WHAT IS OUR VISION? "At NCM, we are committed to a dynamic partnership with our customers, fueled by our people's outstanding experience, energy and imagination. Our unique approach to sharing knowledge and information ensures we create the best credit management solutions for our customers."

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Applications will only be forwarded to this client, but clearly indicate any organisation to which your details should not be sent.

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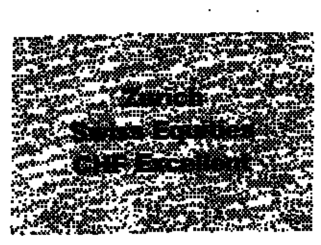

Salomon Brothers, one of the world's leading financial institutions, is seeking a highly motivated individual to join its expanding Global Equity team.

You will be involved in all aspects of Swiss equity trading and must have a successful track record which includes 2-3 years' experience of trading Swiss equity product.

You must be strongly computer literate, fluent in both German and English and be either a Swiss national or possess a valid Swiss work permit. An EBS licence would be an advantage. Initial interviews can be arranged in either Zurich or London.

If you have the necessary skills, experience and qualifications for this position, please write, enclosing a full CV and covering letter, to Isabel Doverty, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

Salomon Brothers

Substantial package • Paris-based

BOND MARKETS SPECIALIST

Turn your knowledge of bond markets into a career with one of Europe's key players.

Fininfo is one of Europe's premier providers of value-added financial information. Our products are based on combining incisive knowledge of the bond and stock markets with exceptional expertise in information technology.

This innovative approach has earned us a client base of over 1,000 leading organisations who use our systems to help make more informed and astute financial decisions. With nearly 350 people working across Europe, we are now strengthening our Front Office team.

If you have experience of the European bond markets, then this is an excellent opportunity to be the driving force in further developing our product range across Europe. Based in Paris, you will manage projects including finance, marketing and database/software.

Able to analyse financial markets, you will have excellent conceptual ability coupled with strong communication skills. Flexible enough to travel throughout Europe, you will have a perfect command of the German language.

Please apply by sending your cv together with your salary expectations to Thierry Krief, Fininfo, 91/93 av. François Arago, 92017 Nanterre cedex, France, or alternatively fax it to him on +33 1 47 29 47 60 or e-mail: tkrief@fininfo.fr.

FININFO

Credit Risk Management

Financial Analysis ***Portfolio Management***

CITY **APPOINTMENTS C.£30,000 - £60,000 + BENEFITS**

Our client is a major UK based international financial services group. With total income of £2.6Bn and total assets of £61.1Bn, it is a major player in the market. A nationwide full service institution, it offers retail, corporate, and institutional banking, covering wholesale banking and capital markets activities, as well as offering a full range of specialist banking products and services for the corporate and institutional client base.

There is a requirement for high calibre financial/credit analysts to join the Analysis & Research Department to support the continuing growth in corporate and structured finance business. The appointed candidates will be responsible for ensuring that credit decisions are taken on the basis of rigorous financial analysis and for providing the relationship management team with clear and concise explanations of the key risk factors involved. As appropriate to workload and experience, there will be staff management responsibilities. The job-holder will be expected to demonstrate/develop expertise in one or more industrial sectors.

Appropriate candidates will be either qualified chartered accountants or will have completed a formal credit analysis training programme with a minimum two years relevant experience in a major bank, against a background of major corporates, project finance or shipping. Candidates must be commercially aware and will be required to demonstrate a comprehensive technical knowledge, strong analytical skills, and proficient computer modelling abilities. Excellent report writing and oral communication skills will be prerequisite.

Our client also offers opportunities within a newly formed Risk Management group. Professionals would be required to work on a broad range of risk and portfolio management projects, including the development of risk, portfolio and return models. Appropriate candidates are likely to have a strong mathematics/statistics background and have the ability to tackle complex concepts. Previous experience of portfolio management techniques with a respected market player is preferred.

If you are interested in pursuing any of the above exciting career opportunities, or wish to have an initial discussion, please write in confidence, with full career and salary details, to Gemma Jenkin, MSL International Limited, 32 Aybrook Street, London WIM 3JL. Please quote ref. 63391.

MSL

HEAD OFFICE LONDON TEL: 0171 487 5000 11 OFFICES NATIONWIDE

Head of Investment

Scottish Legal Firm

Negotiable Package **Edinburgh**

Outstanding opportunity for experienced fund manager to establish investment management department for one of Scotland's leading law firms.

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- Firm controls substantial investments on behalf of private clients and Trusts.
- Committed to establishing and providing comprehensive range of in-house investment management services for its clients.

THE POSITION
- Set up and run firm's investment department with responsibility for front and back office and development of systems.
- Manage client investment portfolios on an advisory and discretionary basis. Formulate investment policy.
- Develop marketing strategy for profitable growth of business.

QUALIFICATIONS
- Graduate calibre. Investment management background, preferably with private client experience. Sound commercial judgement.
- Stature and presence to win confidence of Partners and clients and succeed within demanding professional environment.
- Articulate, numerate team player with vision and drive. Excellent communication skills. Computer literate. Ideally IIMR or MSI qualified.

Please send full cv, stating salary, ref SC706H2, to NBS, One St Colme Street, Edinburgh, EH3 6AA
Fax 0131 220 2440 Tel 0131 220 8210

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Credit and Risk Director

Excellent package *Rome*

GE Capital Fleet Services, part of General Electric Capital, is the leading corporate fleet management company in the world with more than 850,000 cars, trucks and speciality vehicles under lease and service management.

GE Capital Fleet Services has ambitious growth targets. To ensure that this growth has a firm foundation, we are now looking to recruit a Credit & Risk Director for Italy, who will report to the European Director of Credit & Risk (based in Brussels) and the General Manager of Italy.

Your main responsibilities will be:

- to provide the strategic vision for Risk Management in Italy
- to create and administer credit and risk policies, procedures and philosophies
- together with the sales team, conducting client visits as appropriate and providing timely decisions on all proposed transactions
- underwrite individual deals for Italy which fall within prescribed authority levels or make recommendations to the European Director
- to carry out annual reviews, implementing relevant actions
- to maintain portfolio quality and management of other areas of "operational risk"
- coaching and training of team members
- to lead and support business expansion into other market segments
- to lead the credit and risk part as in country due diligences, acquisitions and new procedures.

The successful candidate will be a graduate with a minimum of five to seven years' credit and risk management experience and a proven track record in leading a credit team and in having a sizeable underwriting authority. You should also be able to demonstrate excellent career progression within a complex and continually changing environment. For this high profile role, strong analytical and communication skills are essential, together with entrepreneurial qualities. Good written and spoken English and Italian are a prerequisite. Career development opportunities are excellent.

If you are interested in this position, please contact Colin Gibb or Elisabeth Huigen on +44 171 915 8845 or send or E-mail your curriculum vitae to:
Robert Walters Associates,
10 Bedford Street, London, WC2E 9HE.
Fax +44 171 945 8714.
E-mail: colin.gibb@robertwalters.com

GE is an equal opportunity employer
**Not connected with the English company of a similar name.*

USA*

GE Capital Fleet Services

Controller

The Netherlands Dfl.140,000 + Profit Based Bonus

Our client is an international company with a turnover in excess of one billion guilders. The organisation is highly dynamic and entrepreneurial with a sizeable presence outside Europe and a clear commitment to further international growth.

As part of its expansion, the company is seeking to recruit a high calibre professional for the position of Controller reporting to the Chief Financial Officer. Excellent technical and interpersonal skills with the capability to contribute efficiently and effectively in a fast moving, informal and international team are pre-requisite for this position.

Tasks and responsibilities:
- Controlling and consolidating of the group's Benelux based accounting activities.
- Operational and functional responsibility for the accounting and MIS activities of the company's foreign subsidiaries.
- Provision of management and direction to the EDP process worldwide.
- Support to the CFO on specific projects such as mergers and acquisitions, international taxation, etc.

Profile of the suitable candidate:
- Established track record of controlling within an international business environment.
- Technical experience with the ability to manage significant EDP projects.
- Fluency in German and English, the ability to speak Dutch an advantage.
- Probably aged 40+ years, the successful candidate will have proven managerial experience.
- Energetic, hands-on, flexible, people orientated team player with a sense of humour.

Interested candidates should send a detailed CV (in English) quoting ref LW/48739 to Louise Wilson, Michael Page, "Apollo House", Gerrit van der Veenstraat 9, 1077 DM Amsterdam, The Netherlands. For further information, please telephone her on 00 31 20 578 9444.

MP
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International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Madrid Hong Kong Singapore Sydney Melbourne

INTERNATIONAL
CFO/Finance & Adm. Mgr.
Swiss, 40 y, solid wide international experience (multinationals), Trade, Manufacturing, Services, Consulting. Fluent English, German, French. Seeking challenging position Asia, Africa, US.
Reply to: ofa Orell Füssli Werbe AC, ref. nr. 110641, PO Box 4638, CH-8022 Zurich

PORTUGUESE ECONOMICS GRADUATE
Young, ambitious, seeks challenging economist or analyst role in international banking environment.
Contact Isabel Santos on 0171 727 4855
Fax: 0171 229 6233, email: isabel@belion.demon.co.uk

IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (UNITED NATIONS)
Via del Serafico 107, 00142 Rome, Italy
Fax No.+39 6 5043463 - E-Mail: e.cheng@ifad.org
http://www.unicc.org/ifad/home.html

(Applications from women candidates are particularly encouraged)

IFAD is searching for an experienced professional in the field of financial management to fill the vacancy of its **CONTROLLER.**
Main duties and activities include:

- Control, direct and administer the Organization's financial system including the annual preparation of IFAD's budget, loans and grants administration and accounting activities. Serve as an authoritative source of advice on financial management to IFAD's senior management and its legislative body.

- Participate in the management's decision-making and evaluation of IFAD's external lending programme performance by developing and implementing operational policies, performance measurements, standards and plans to ensure correct financial practice and adequate control.

- Oversee the planning and organization of the work in the Controller's Office in support of IFAD's corporate goals. Represent IFAD in external meetings dealing with the Fund's budget and finance.

The position requires an advanced university degree in Accounting, Business Administration or equivalent. Recognized accounting membership. Budgetary and financial experience at progressively senior levels over 10 to 15 years. Direct familiarity with the United Nations Common System, international financial institutions and/or major international development banks, as well as financial management information systems. Full command of English essential, knowledge of Arabic, French and Spanish an asset. Most important are personal qualities which must include drive, maturity and self confidence coupled with outstanding communication skills, flexibility and adaptability.

The position will be at the D1 level (salary range from USD63,030 to USD78,364 per annum, plus post adjustment from USD16,770 to USD20,850 per annum).

Please send 2 copies of detailed curriculum vitae in English to Personnel Division.

Trust Manager

Law Debenture

Law Debenture is the leading corporate trustee in the City of London, for issues of loan capital by Supranational bodies, Governmental Agencies, Banks and Companies in 50 countries and is also trustee for commercial paper and medium term note programmes, syndicated bank loans, project and asset-backed financing, unauthorised unit trusts and company profit share and share incentive schemes. The Group also acts as trustee of over 100 occupational pension schemes.

Law Debenture now wishes to appoint an additional manager to join its Loan Capital Trust Administration team who will be responsible to Director level. The role carries prime responsibility for operating relationships with Lenders; Borrowers and major City financial institutions and law firms; the evaluation of technical problems and implementation of consequent action; the evaluation of proposals in discretionary areas; and the management, training and development of a professional team which is responsible for the timely and proper administration of the trusteeships.

Applicants should have knowledge of the loan capital markets and may have a legal or similar professional qualification. Managerial experience, sound judgement and the interpersonal skills to work well within the in-house team and across the City are important requirements. There is an excellent salary and benefits package.

Age guideline – mid 30s.

Please reply in confidence quoting reference L631 to:

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 0171-240 7805

Mason & Nurse
Selection and Search

We are a very select, small investment house situated in St. James' London and require an ASSISTANT FUND MANAGER. Our role is to give investment advice on a portfolio of about £100 million. The portfolio is managed from Guernsey and is invested globally.

The job consists of working closely as a team with the Fund Manager and the non-executive investment committee. The duties include investment analysis, client liaison, provision of valuations and fund administration. Experience and familiarity with dealing in bonds or equities or preferably both is essential. Familiarity with foreign currencies would also be an advantage. Competence with computers and on-line financial data services is important.

An attractive salary will be paid to the right person together with the usual benefits. BUPA membership and a pension scheme would be included. Please apply in writing, with your CV, to **Box A5445, Financial Times, One Southwark Bridge, London SE1 9HL,** marking your envelope for the attention of the Chairman. All replies will be held in the strictest confidence until permission is received from the applicant.

Portfolio Managers

Blairlogie Capital Management is a young dynamic firm with rapidly growing international equity assets under management. We want to add 2 people to our Portfolio Management team to focus on SE Asian and Latin American equity markets. We are looking for people with around 3 years relevant investment experience, not necessarily in these regions. An interest in using modern systematic techniques of stock selection and portfolio construction is essential.

Send your CV, including details of current remuneration to:
Kate Morrison,
Blairlogie Capital Management,
125 Princes Street,
Edinburgh EH2 4AD.

Blairlogie

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appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.
For further information please call: Toby Finden-Crofts on +44 0171 873 4027

Bankers Trust's capital strength, intermediary skills, and international reputation for product innovation, contribute to making us one of the world's leading investment banks. In risk products and risk management, in high-yield finance, in the application of risk products to the refinancing and restructuring of companies and their balance sheets, in providing high quality mergers & acquisitions advisory services, time and again we distinguish ourselves in our ability to deliver innovative solutions tailored to client needs.

Corporate Finance Professionals

Outstanding Career Opportunities

Excellent Compensation Package

We need high calibre, junior level professionals, who can match the enthusiasm and talent of the existing team, to maintain our momentum in these key business areas across our European operations.

We offer a highly competitive salary and are particularly keen to attract individuals with up to five years' experience, who may be seeking an early or first career move.

For you to reach your full potential within our organisation you will have:

- an outstanding academic record at a premier business school or university
- excellent numeracy and, for some positions, an accounting background
- ideally a second European language, although fluency in English is a prerequisite

Bankers Trust has a wholly international culture and we welcome applicants from any background to work in these European based businesses, although all candidates must be eligible to work anywhere within the EU without a work permit.

All positions may involve significant travel as we encourage our junior talent to gain maximum client exposure.

To take advantage of these exceptional opportunities and meet with our most senior professionals, make contact with me here in London over the next week.

Liz Knott, Human Resources, Bankers Trust International plc, 1 Appold Street, Broadgate, London EC2A 2HE. Fax no (44 171) 982 1147. Tel (44 171) 982 2628. email: elizabeth.knott@bankerstrust.com Postal applications should be clearly marked LK/IB/CF2.

Bankers Trust Company

THE BANK RELATIONSHIP CONSULTANCY

International Cash Management Consultants

The Bank Relationship Consultancy has grown quickly over the last few years and is now one of Europe's leading independent banking and treasury consultancies. The Consultancy is particularly noted for its work in the area of International Cash Management and is looking to engage additional consultants in this field.

Applications for these positions are welcome from candidates with a strong background in international corporate cash management, who may have gained experience working in a corporate treasury department, in a consultancy, or acting as a consultant to corporates in a bank's cash management department.

Remuneration will be based on experience.

Please address your letter and a detailed CV, including details of present salary, to:

The Managing Director
The Bank Relationship Consultancy
17 St. Helen's Place, Bishopsgate, London EC3A 6DE

TOP SALES PROFESSIONALS ONLY!

If you have determination, at least 12 months sales experience (in any area) an excellent telephone manner and NEED to earn at least £40,000 p.a., then we may have a position for you. We are an expanding marketing company, selling only to wealty individuals and are opening offices around the world. We have a unique concept which ensures repeat businss and it allows our top sales people to earn in excess of £100,000. If you want to be able to share in our success then telephone the Director on:

0171 543 8000

Senior Marketing Specialist

Outstanding Opportunity in New Business Origination Central/Eastern Europe

London **Attractive Package**

Our client is a leading international bank with an enviable reputation for providing a complete range of banking services to major corporates, sovereign and quasi-sovereign entities on a global basis. The bank is a market leader in a variety of specialised banking products including syndications, project finance, structured trade finance, aerospace finance and capital markets. It has an extensive global network including branches and representative offices throughout Europe. Due to the bank's commitment to the continued development of its European business, it now seeks to appoint a senior business developer in a new role to originate business in the Central/Eastern European region, with a particular emphasis on Russia.

The Role

- To generate new business for the bank among sovereigns, quasi-sovereigns, core-industries and financial institutions in Russia and surrounding Central/Eastern European countries, based on knowledge of clients requirements and local market conditions.
- Cross-sell the complete range of products in conjunction with the bank's European network and product specialists in London, producing fee and margin income to meet the bank's business targets.
- Obtain mandates from clients for syndicated loans and other specialist banking products.

The Candidate

- Proven track record in marketing, structuring and executing transactions within a progressive financial institution for the Central/Eastern European region.
- Ability to demonstrate a detailed knowledge of Central/Eastern Europe, particularly Russia, based on sound, practical experience.
- Possess the credibility, adaptability and maturity to market and liaise with senior executives throughout the region.
- Confident, highly motivated, resilient business developer, with excellent communication and negotiating skills.
- A fluency in Russian would be ideal but not a prerequisite.

This post offers an outstanding opportunity to develop your career with a dynamic institution, committed to business in Central/Eastern Europe. A competitive salary and package will be awarded to the successful applicant, reflecting the experience and capabilities required for this challenging role.

Interested candidates should contact Simon Lewis or Paul Wilson on 0171 269 2316 or write to them enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649. Quote reference 354057.

MP
Michael Page City
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Colorectal Cancer - Could you make a difference?

Colon Cancer Concern is a national charity based in London that is devoted to the care of patients whose main objectives are the provision of information and the funding of patient-centred research into treatments for colon cancer. The Charity is seeking successful people, able to join its Board of Trustees, who can help it develop to meet the objectives as set out in its Business Plan.

If you have knowledge or experience of colorectal cancer and want to do something about the number of people dying from the disease, please contact Anne Keatley-Clarke, Chief Executive.

Colon Cancer Concern,
3rd Floor, Dept of Surgery, Chelsea & Westminster Hospital,
Fulham Road, London SW10 9NH or tel: 0181 746 8809 (ansaphone)

INSTITUTIONAL FIXED INCOME SALES - New York, London, Dublin

Fixed Income/Relative Value broker desk seeks qualified individuals to join sales effort focusing on global Sovereign Debt & Derivative Securities such as exchange listed futures & options, cash governments & OTC options, swaps, swaptions, mortgage options, structured products, etc. This group is part of a major international AA rated bank with locations in Manhattan, Chicago, London, Dublin, & Paris. Relocation possible. Sales people with a book of institutional clients please respond.

Please fax resume to (212) 527-8228 (USA)

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Excellent Package Plus Bonus

Jonathan Wren Search & Selection Limited is a successful and long established specialist financial services search & selection firm with a strong and loyal client base in the City of London and beyond.

We have an outstanding track record based on providing our clients and candidates with a professional service that enables the development of long term relationships and repeat business.

Due to the growing demand for our services we are seeking to recruit additional Consultants to cover various sectors including:

Risk Management — *Accountancy*
Legal — *Asset Based Finance*
Emerging Markets — *Equities*

Successful candidates will be degree educated, strongly self-motivated, excellent communicators with the capacity and skill to manage retained assignments from presentation to conclusion.

Ideally we are looking for experienced Consultants with a minimum of three years' experience in the above sectors gained either in search & selection or within one or more of the above financial areas.

For further information please call, write or send a fax to Ron Bradley, Managing Director at the address below.

JONATHAN WREN
SEARCH & SELECTION

Jonathan Wren Search & Selection Limited
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Telephone 0171 588 0828 Facsimile 0171 588 0830

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0171 873 4153

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0171 873 3694

GERMAN EQUITY SALES

Based in Frankfurt with fast growing branches in New York and Tokyo, DG BANK is the central financial institution of the German cooperative sector and one of the leading forces in D-Mark fixed income products, both in primary and secondary business. Our growing share in IPO's, especially of small & medium sized German companies has its roots in the outstanding local expertise and client relationships of our member banks supported by our Investment Banking professionals.

■ Starting from a solid and well established basis in equity trading & sales for its own significant fund management divisions and huge retail network, DG BANK is now offering its bottom-up expertise in German equities with special focus on the Midcap & New Market segment also to institutional investors in the U.S., the Far East and Continental Europe. ■ Within our strategy of controlled expansion in equity research, sales and trading, outstanding career opportunities have arisen for talented and entrepreneurial professionals with a strong financial background. Candidates should have superior presentations skills, indepth knowledge of German equities and be fluent in English, German and preferably a third European language. The position is based in Frankfurt and involves working in small teams with very flat reporting structure and a great deal of autonomy. Frequent traveling is required. ■ Salary and bonus scheme a highly competitive.

To apply, please write enclosing a detailed curriculum vitae, indicating your current remuneration package to: DG BANK, Annette Dahl, Personnel Department, Am Platz der Republik, 60325 Frankfurt/Germany. Should you have any further questions, please contact Mr. Joerg Schreiweis, Head of Equity Sales, Phone (Int.) 69/7447-7103.

DG BANK

BUILDING AND PROPERTY GROUP LIMITED

BUSINESS ANALYSTS/NEGOTIATORS

Excellent Packages

Building and Property Group, one of the country's leading and fastest growing Facilities Management companies, is developing an enviable reputation for innovative solutions and service delivery within its specialist market sectors.

In order to increase our growth rate we are looking to appoint a number of experienced Business Analysts/Negotiators who are familiar with the financial and contractual issues surrounding partnerships between the Private and Public sectors, with particular emphasis on Private Finance Initiative projects.

Candidates should be educated to degree level, have excellent financial modelling skills, with the ability to lead detailed contractual negotiations. Experience of project management would also be advantageous.

If you believe you have the ability, drive and determination to make a significant contribution to our continued development please forward a copy of your CV, quoting current benefits package to Alan Miller, Head of Human Resources, BUILDING & PROPERTY GROUP, Building & Property House, 19-23 Blackfriars Road, London SE1 8NY.

COMMITTED TO POLICIES OF EQUAL OPPORTUNITIES

No telephone calls or agencies please

Financial Analyst

MAJOR CONSULTANT — SURREY

THE CLIENT: One of the most successful multi-discipline consultants in Europe operating world-wide.

THE ROLE: To work within the Water and Utilities group advising on financial matters ranging from individual project funding to the analysis of long term investment plans. Your activities will include the use and development of financial models the review of business plans and the analysis of annual accounts.

THE PERSON: Qualified in an accounting, financial or economics discipline. Your analytical skills must be excellent. Previous experience within a utility company would be an advantage.

THE PACKAGE: Our client offers an attractive package including bonus and pension schemes. Please forward a detailed CF ref no. 1801 to Paul Hildes at ATS Selection, 116 London Road, Kingston, Surrey KT2 6QJ. Tel: 0181 541 1211 Fax: 0181 541 4049

ATS SELECTION

FIXED INCOME FUND MANAGER LONDON

A well established London based Fund Manager specialising in global fixed income, equity and currency investment requires an additional professional to join its highly successful fixed income team.

The ideal candidate will be able to demonstrate a strong academic background and at least four years experience as a fund manager, economist or market strategist. The individual will be self-motivated and comfortable working within a small team in an open, flexible environment.

This is a senior appointment reporting to the Director of Fixed Income and offers the chance to make a significant contribution to the formation of investment policy.

Salary will be commensurate with a position of this level and will carry a competitive benefits package and bonus.

Interested candidates should apply in strictest confidence enclosing an up-to-date Curriculum Vitae to:

Box A5454, Financial Times,
One Southwark Bridge, London SE1 9HL

CHALLENGING OPPORTUNITIES IN TREASURY/SECURITIES/CAPITAL MARKETS

MAJOR EXPANDING DUTCH BANK

THE NETHERLANDS — **COMPETITIVE PACKAGES**

A well renowned Dutch bank, part of a leading European banking group, offering a full range of investment banking, treasury, asset management, commercial and consumer banking products.

Strategic changes and ambitious plans for growth and expansion have created openings for a number of high calibre international banking professionals.

HEAD, FUND STRUCTURING

He/she will head a small team and be responsible for creating and developing investment products for distribution to the Bank's retail network. Creativity and an innovative approach will be key in developing managed funds and capital guaranteed structures. He/she will liaise with the Bank's international European centres and market products internally.

Age late 20's to mid 30's, with at least three years' experience in a major bank in a key financial centre. Experience will include structuring and marketing of equity and/or derivative products, and broad-based fixed income product knowledge. Strong inter-personal skills and a track record in creating innovative solutions are essential. (Ref 1421)

HEAD, CAPITAL STRUCTURING

The principal role of the Head of Capital Structuring is to structure equity and equity-related deals on behalf of the Bank's clients, and to bring them to the public market or assist in private institutional placements.

He/she will manage a small team and will be expected to originate deals independently, and also to decide on and be responsible for co-lead management of public issues.

Likely to be in his/her mid 30's, with at least five years' experience in equity capital markets in a major bank, with an in-depth knowledge of primary markets, and equity and tax structures in the Dutch market. Experience will include a strong track record in deal origination. (Ref 1422)

CHIEF DEALER, TREASURY

Reporting to the Treasurer, he/she will head a dealing team of approximately twelve professionals covering spot and forward foreign exchange, and European money markets. He/she will be expected to develop the team, to bring a more active approach to trading and to increase revenues.

A strong record of success in foreign exchange and money markets, most likely within the Treasury of a major international bank in a key European financial centre. (Ref 1420)

Candidates should have excellent communication skills and be able to make an impact with senior management and other members of staff. High calibre, dynamic, focused and strong self motivators.

An ability to demonstrate genuine achievements and a track record in their career to date will be essential.

Results oriented, energetic, team players with an international outlook. Language skills, especially Dutch, would be particularly advantageous. Superb career opportunities for top performers to grow and progress rapidly within the Institution.

Please apply in writing quoting the appropriate reference with full career and salary details to:
Deirdre McCormick
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A division of Whitehead Mann Ltd, a Whitehead Mann Group PLC company

ACCOUNTANCY APPOINTMENTS

Group Finance Director

To US$110,000
+ Car + Expat Bens

Jeddah
Saudi Arabia

Our client is one of the most prestigious and fastest growing international trading and services groups in the Middle East. Its experienced management team is continuing to invest in the future and has a clear strategy of developing its core businesses organically, by acquisition and through the establishment of joint ventures with internationally recognised brands. The company culture is both open and entrepreneurial.

There now exists a requirement to augment the Senior Management team with the appointment of a Group Finance Director. Working with the Board of Directors the appointee will assume responsibility for the financial management of a multi-site operation. Specifically, this will encompass:

- Establishing group wide financial and accounting policies, procedures, controls and reporting structure
- Evaluation of business performance
- Review of capital expenditure proposals
- Optimise the use of the existing IT structure for creating accurate and timely financial data across the Group
- Extensive strategic and financial planning
- Investigation of business development/growth opportunities
- Assist the various Managing Directors in improving their respective financial performances

This is regarded as a highly commercial role where the emphasis is firmly placed on aiding the development of the group in a proactive and value added manner.

The opportunity will appeal to a commercially orientated qualified accountant (aged 33-45) with a strong record of achievement to date, ideally gained within an international company. The ability to liaise at the most senior levels of management is a pre-requisite, as is the desire to develop a career in a challenging and changing environment.

The rewards include a tax free basic salary, performance related bonus, company car, housing and schooling allowances, the use of extensive leisure facilities and other expatriate benefits.

Interested applicants should write, in the strictest confidence, to Robert Walker or Brian Hamill at Walker Hamill Executive Selection, forwarding a brief CV quoting reference: RW3289.

WALKER HAMILL
103-105 Jermyn Street
St James's
London SW1Y 6FE

Tel: 0171 839 4444
Fax: 0171 839 5857

VP Finance - Europe

Pittiglio Rabin Todd & McGrath (PRTM) is internationally recognised as the leader in management consulting to operations management in technology based companies.

For more information on PRTM please see our World Wide Web site: http://www.prtm.com

We seek

An entrepreneurial finance professional who is a self motivated thought leader, with career aspirations to take a wider business management role

You offer

'Big 6' training following a relevant degree, and a strong combination of international treasury, tax, and corporate finance experience. Some fluency in French / German is a plus, and you are likely to be in your mid-30s

We offer

A senior role in a strong and motivated team, with full accountability for the commercial management of a leading professional services firm. We offer a significant package for exceptional people

Write: Gordon Stewart, Director, PRTM, 25 The Quadrant, Abingdon, Oxon OX14 3YS

PRTM

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For further information please call:
Toby Finden-Crofts on +44 0171 873 4027

Chief Financial Officer

c £65,000 & City Benefits

inc Profit Share, Executive Options & Car

Our client is a prestigious listed financial services group with a widespread portfolio of City based activities and a sustained record of profitable growth.

They now wish to appoint a CFO for the Group who will be responsible to the Group Chief Executive for all aspects of financial management and financial control; statutory and regulatory reporting; taxation and treasury; IT systems, and budgets. In addition the successful candidate will be expected to make an important contribution to the strategic development and management of the business.

Candidates should be professionally qualified graduates, with a first class professional record of City based work who are close to partner level or have moved to a senior financial or treasury management role in commerce. The ability to communicate and participate effectively in a dynamic management team is essential.

Please write, in the first instance, with a full CV quoting reference JV/CFO to:

J.D.Vine, Vine Potterton Limited, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB.

VINE POTTERTON
RECRUITMENT ADVERTISING

Chief Financial Officer

Netherlands

Major International Industrial Manufacturing Group

nmc&kay international

Applications are to be sent in English, including a current CV and details of remuneration, to Fiona Crawford at nmc&kay international, 7 Old Park Lane, London W1Y 3LJ.

A leading multinational manufacturing group seeks to appoint a dynamic Chief Financial Officer to the head office of one of its major product groups based in the Netherlands. This highly acquisitive company, with production units in Europe, the Americas, and the Far East, has a turnover of $250million.

As part of a new team, the Chief Financial Officer will be responsible for setting up from scratch all aspects of financial management. Working in a fast moving environment, candidates need to be able to work to very tight timetables in providing management information to the Parent Company and to work closely with the Group Managing Director. The candidate will be fully involved in the company's M&A activities.

It is preferred that candidates have English as their mother tongue. Specialist skills are not required, although an understanding of key regulatory and tax issues in both countries will be useful. Most important will be the ability to work under time pressure, experience that will probably have been gained whilst working in a multinational manufacturing company. The role requires substantial travel.

A remuneration package of 160,000 dfl plus bonus, with normal executive benefits and relocation package is envisaged.

"Russian Investors" is a Russian-registered investment and brokerage firm, an investment banking arm of one of the largest Russian industrial and financial groups "ROSPROM/MENATEP". As part of international services development policy, we are creating our research team to provide western and local clients with in-depth analysis of Russian and Central European industry. The following positions with degree-educated staff, based in Moscow are open:

1) SENIOR ECONOMIST/STRATEGIST
Russia/Central Europe

The Role
- To provide macroeconomic coverage of Russia, CIS and Baltics;
- Working with analysts in oil and gas, machinery, food, chemical and other sectors to develop a strategic overview for clients;
- To provide a framework for sector and company recommendations;
- Working with sales and trading to optimise group portfolio of Russian, Ukrainian and other Eastern European equities;

The Candidate
- Educated to degree/post-graduate level in economics;
- Understanding of markets;
- Eastern European experience desirable;
- Good communication and presentation skills with the ability to build relationships both internally and externally;
- Good Russian, other Eastern European language skills advantageous, but not a requirement.

2) ANALYST-OIL, PETROCHEMICAL AND CHEMICAL INDUSTRIES
Russian/Ukraine/Belarus/Baltics/Caspian Region

The Role
- Develop the regional research capability, liaising with analysts in Russian and Ex-USSR countries;
- Primary responsibility for Russia;
- Travel to the region and contact with senior officers of corporations.

The Candidate
- Industry research/consulting experience;
- Excellent analytical and organisational skills, probably gained in investment bank;
- Regional experience desirable;
- Ability to work as a member of a team;
- Good Russian,

3) RESEARCH EDITOR

The Role
- Format reports for publication;
- Liaise with external suppliers;
- Sub-edit reports for publication.

The Candidate
- Good DTP Skills;
- Ability to write clearly in English and Russian;
- Eastern European language skills advantageous but not a requirement.

This is a superb opportunity to work for a market leader with dynamic and non-bureaucratic culture and, for the right candidate, a highly competitive compensation package will be offered, based on a generous basic salary.

If you have the necessary prerequisites, please send a detailed Curriculum Vitae stating current remuneration to the "Russian Investors", Fax: In Moscow - (7 095) 203-3525, or contact: Alexei Goloubovitch, Alexei Iachetchkine or Vladimir Alexichev, Svetlana Polnikova by phone in Moscow - (7 095) 290-7241.

FINANCIAL CONTROLLER

c. £35,000-40,000 + Benefits

Due to recent growth and development, a highly motivated individual is required to take responsibility for the company's accounting function and contribute to strategy and future expansion plans.

This exciting opportunity requires a degree educated, qualified accountant with a proven track record to play a key role in the control and development of this growing engineering and related services business.

Reporting to the Managing Director, candidates should have an enthusiastic and proactive approach to finance and demonstrate an understanding of a product led business within a competitive environment.

To apply, please send your CV to:
Lucy Dalton
Dytecna Limited
Roebuck Road
Chessington
Surrey KT9 1LN

DYTECNA

FT FINANCIAL TIMES — Les Echos

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crofts on +44 0171 873 4027

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Senior Tax Manager
Excellent Partnership Prospects

Windsor, Thames Valley — **Up to £70,000 + benefits**

Price Waterhouse has established an enviable reputation for corporate tax consultancy both in the UK and internationally. That reputation comes from understanding the needs of our top-tier clients and tailoring our advice to meet their commercial objectives.

Continued growth and expansion of our Tax practice in the Thames Valley has created the need for an outstanding corporate tax professional. In particular the need has arisen due to recent Partner admissions from this office.

You will be joining a group of skilled professionals whose clients range from major UK groups and UK/European subsidiaries of overseas corporations to locally based public companies and independently owned businesses.
In particular, our team has significant involvement in international tax work and is a centre of excellence for high technology clients.

We seek only the finest talent. Our expectations and standards are high, but we believe the experience and opportunities we offer to be outstanding. The successful candidate for this high profile role will already have built up strong international tax experience within the accountancy profession, the Inland Revenue and/or commerce. You will require a high level of technical creativity and flair tempered by a strongly commercial approach and excellent implementation skills. You will be a highly disciplined manager, possessing strong business development and networking skills.

The role commands a salary commensurate with the demands and has excellent partnership prospects. We also offer a range of employee benefits, including a flexible remuneration scheme which allows you to influence the shape of your total benefits package to meet your personal needs, and relocation assistance if required.

Our Senior Tax partner, Ian McDade, is available on 01753 752265 for a discreet, confidential and informal discussion. Alternatively send a comprehensive CV to him at:
Price Waterhouse, Thames Court,
1 Victoria Street,
Windsor, Berkshire SL4 1HB.
Fax: 01753 752333
E-Mail: Ian_McDade@Europe.notes.pw.com

Price Waterhouse

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

European Financial Controller
High Technology

£ Attractive
GERMANY

With a growing user community exceeding 4 million, and with software products installed in 119 countries world-wide, this rapidly expanding US group is one of the largest global software companies. It is committed to further developing it's success based upon continual technical innovation allied to a strong commercial awareness of each market sector within which it operates.

To perpetuate exceptional planned growth on an international basis and to maintain and improve internal and external reporting standards, efficiency and Group profitability, a key opportunity has arisen for an outstanding individual.

Reporting to the European Head of Finance and with the support of an established team, you will monitor the performance of the European operations and produce the required levels of management information for both European and US Management. This role will be highly international in that you will liaise with subsidiary operations world-wide which will necessitate some international travel.

Candidate requirements are clear: you will be a qualified Accountant with at least two years' post qualifying experience gained in an international reporting environment. You will demonstrate first rate communication skills, an in-depth understanding of international accounting standards (especially US GAAP), computer literacy and strong ambition for front-line business exposure and career development. This is an exceptional opportunity to forge a career with a creative and innovative group.

A knowledge of the German language is not essential.

Interested candidates should write to Michael Herst or Charles Austin at Herst Austin Rowley, 30 St. George Street, Mayfair, London W1R 9FA, enclosing a full Curriculum Vitae and quoting ref. HAR0135. Fax: 0171 409 7872. Email: michael@herst.co.uk

HERST AUSTIN ROWLEY
HW Group Company

COLOGNE · LISBON · LONDON · MADRID · PARIS · PHILADELPHIA · WARSAW

INAC

Finance Manager

High Value International Engineering Projects
c£45,000 + Overseas Allowances — **Paris**

Formed in 1989 this high profile international business is a world leader in the design, manufacture and commissioning of equipment and systems for the power generation and transmission industries and for rail transportation. From its strong European base, where over half of its manufacturing sites are located, the company is well established internationally, managing around 72,000 employees in more than 20 countries. The Transport Equipment Group is headquartered in Paris.

Reporting to the Finance Director of the group, the Finance Manager will consolidate management accounting and cash reporting information across sites in Europe and North America. The proactive management of information and financial interdependencies between business units will be an important part of the responsibilities. You will also be expected to support the development of business plans and interpret the financial implications. The usual variance analyses have to be interpreted and reported through both group and divisional management, giving a broad exposure to operational and senior management. You will be expected to play your part in co-ordinating financial control mechanisms.

Probably ACMA, although industry experienced ACAs will be considered, candidates must demonstrate at least five years management accounting or auditing experience within a manufacturing environment. This will have ideally been gained in a multinational culture within a major engineering business perhaps within the aerospace or automotive sectors. Financial management experience should include planning and forecasting in a medium to long term corporate environment. Personal qualities required include flexibility, influence and stature with the personality to fit into a small multicultural team.

Please send a CV to Peter Shotton at Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 0161-839 2000, Fax: 0161-839 0064, quoting ref: FT12001.

Visit our web site at http://www.topjobs.co.uk/howgate

Howgate Sable & Partners
Executive Search and Selection

London · Manchester · Leeds · Newcastle

Corporate Investment Manager

Analysis and Advice

London

£65-70,000, plus car, package

Dynamic advances in technology and continual demands for innovative products and services are only two of the market challenges to which this internationally renowned media client has successfully risen.

This role will be both pivotal and high profile and will be instrumental in ensuring all major investments assist in the achievement of the client's ambitious objectives and strategies:

- Review and appraise investment cases (revenue and capital)
- Provide support, advice and direction to areas preparing investment cases
- Critique, financially and non-financially and make objective and convincing recommendations
- Establish and manage post-investment reviews and continually monitor effectiveness of guidelines, proposing and incorporating amendments as agreed

Interacting and advising at senior levels throughout the organisation and presenting conclusions at Board level demands the highest levels of personal and business maturity and credibility. Your presentation, communication and interpersonal skills must likewise be well-developed. A proven track record of influencing the type of complex and diverse issues facing this creative and demanding environment is likewise essential. To work effectively you must have a high level of intellect and enormous stamina. It is likely that your own background will be particularly broad, thereby generating the required levels of vision and flexibility.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000. Fax: 0171 405 5995, quoting ref: HKW/12175/FT.

Hoggett Bowers
Executive Search & Selection

INVESTOR IN PEOPLE

THE PSD GROUP

Group Financial Controller

Central London — ***c.£50,000 + F.E. Car & Benefits***

This well established, public quoted UK Group, commands an impressive product range extending across the globe. With a turnover of circa £100 million, this is an outstanding opportunity for a qualified accountant to play an important role with a company that is committed to continued investment and further growth.

The brief is to optimise the Group's financial resources while ensuring effective reporting lines to support business strategy. Knowledge and experience of US and European accounting practices, computerised systems and the ability to negotiate effectively with the Group's external advisors is required.

This position demands an outstanding and persuasive individual (age up to 35 years) who can combine technical competence with imagination, has well developed commercial instincts and, above all, the determination to achieve agreed business objectives. A minium of 5 years' post-qualification experience, some of which should have been spent at management level in a commercial organisation, is sought. Proficiency in a second European language would prove advantageous.

Success in this role should lead to significant career development within 3 years.

Write with full CV, including contact telephone numbers and salary details, to Patrick Donnelly quoting reference FT/156.

PD Consultants
23 Durlston Road, Kingston-Upon-Thames, Surrey KT2 5RR.

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c. £65,000 + benefits — ***Quoted Property Company*** — ***London***

Divisional Finance Director

Challenging opportunity within the principal operating division of a highly regarded FTSE 250 company with a market capitalisation in excess of £1.1 billion and £800 million of investment committed to the UK over the next three years. A commercially orientated remit to provide the processes necessary to sustain strong growth and development in a demanding environment.

THE ROLE
- Support the UK MD, a main board director, in a broad range of financial management and commercial areas, and act as a member of the divisional board.
- Enhance systems and processes to manage a sizeable multi-site investment programme and develop relationships with joint venture partners and other third parties.
- Develop further the divisional finance team to provide first-class support to commercial operations and work closely with Group Finance.

THE QUALIFICATIONS
- Graduate Accountant, aged early 30s+ with strong financial management and business appraisal skills. Capital project management experience, ideally property related, highly advantageous.
- Confident and experienced manager of people with superior organisation and communication skills.
- Hard-working and enthusiastic team player with imagination and initiative, capable of contributing to a strategic debate at board level.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. R61840671, 16 Connaught Place, London W2 2ED

CIA

EUROPEAN FINANCIAL CONTROLLER

CENTRAL LONDON — **£50K + BONUS + BENS**

CIA Group plc is the world's second largest independent media agency network, with billings of over £1bn, revenue of £46m and profits of £7.5m. Much of the growth in the last 4 years has been through acquisition. Currently the network has offices in 28 cities in 17 countries. Key group clients are Microsoft, Shell, Visa and Wrangler.

Innovative thinking, a can do attitude, robust strategies and hard bargaining have been the trademarks of the company's approach to the media marketplace.

Reporting to the European Finance Director, this is a key position which acts as the first point of co-ordination, service and support to the operating companies' Finance and Managing Directors. As such it is critical that the successful candidate develops sound relationships with these senior people and gains a comprehensive understanding of their businesses.

Specific responsibilities can be divided broadly into two parts. The first (approximately one third of the time) involves regular duties including:

- The production of timely and accurate consolidated management information
- Production of new business wins and losses data
- Preparation of annual budget and rebudgeting process
- Liaison with auditors and tax advisors

The second and major part of the job is the identification of ad hoc projects e.g.

- Margin improvement and new business pricing initiatives
- Involvement in acquisitions and joint ventures
- Competitor and media owner analysis

Candidates will be qualified accountants with a minimum of three years post qualification experience. The successful candidate will be proactive and energetic, possess the ability to gain credibility at senior level, have a strong personality yet be sensitive to local issues and attitudes.

Solid commercial experience is preferable, however individuals at managerial level in public practice who have media clients will be actively considered. A European language skill in addition to English is prerequisite.

Going forward opportunities may exist for career progression into line finance roles in one of the network offices.

To discuss this position in greater detail, contact Jon Vonk at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: +44 171 379 3333. Fax: +44 171 915 8714. (evenings and weekends +44 171 720 1527)

ROBERT WALTERS ASSOCIATES.

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

GEHE AG

Head of Corporate Audit

Cheshire/Coventry — c £40,000 + Car + Bens

Our client, GEHE AG is the largest pharmaceutical wholesaler in Europe with a group turnover of DM21.4 billion. Following its recent acquisitions in the UK of AAH plc and Lloyds Chemists plc, it is now the UK's largest pharmaceutical wholesaler and is also the largest operator of retail pharmacies in the UK with a turnover approaching £3 billion.

Due to the integration of AAH and Lloyds Chemists, the Retail Division and the Group Headquarters are relocating their operations to Coventry in summer 1998 and as part of this restructuring the enlarged Group is seeking to appoint a UK Head of Corporate Audit.

This is a crucial, high profile role given the integration that is taking place and will encompass the following responsibilities:

- Manage and develop the Corporate Audit function.
- Using a risk based approach, develop strategy for financial, operational and IT systems.
- Develop, implement and maintain financial and operating standards and procedures.
- Undertake due diligence and special investigations.

The successful candidate will be a qualified accountant with at least four years post qualification experience. They will ideally have a retail audit background and be able to demonstrate a proactive track record. Key attributes will be positive leadership, good technical and IT knowledge, maturity and a down to earth, self confident character.

The position will initially be based out of Runcorn in Cheshire before relocation to Coventry next summer. Relocation assistance will be given where appropriate.

Interested candidates should send their CV together with details of current salary package to David Gunning ACA. Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 353190.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Chief Administrative Officer

Central London — £100,000+++

Our client is a highly profitable and successful international commodity trading company. The Executive has decided to create a new position, namely Chief Administrative Officer, in order to further enhance the efficiency of the Support Services function, hence improving the quality of service to the 200 strong front office.

The Chief Administrative Officer will head up a team of some 80 staff and will be in charge of the accounting, administration, technology and communications functions. Whilst the role will be London based, the ability to liaise effectively at all levels on a global basis is essential. Ideally you will be a qualified accountant with a minimum of 10 years experience gained within the finance and technology functions of a financial services institution (although experience outside the financial services sector will certainly be considered). You will also have had a proven track record in managing staff, challenging the status quo and driving change.

This is a crucial position and as such will require a dynamic individual who is well respected and motivated and can lead from the front. For the right individual, this is a great opportunity to make an impact in a company where your achievements will be recognised and rewarded. Remuneration will be based on skills and experience and will not be a limiting factor.

Interested applicants should with their detailed CV to Stephanie Warren at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN, or alternatively telephone her on 0171 269 2336.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Madrid Hong Kong Singapore Sydney

DMB&B

Group Finance

Frankfurt — DM100-120,000

DMB&B is a leading international media group headquartered in New York. Worldwide billings are in excess of $5billion with offices in every world market. The European, Middle Eastern and African operations comprise of multiple subsidiary companies involved in advertising, marketing, media planning/buying and public relations. These subsidiaries report into the European head offices in Frankfurt.

Due to impressive business growth, they now require an additional member of their group finance team. This role has two major aspects: you will be working on the consolidation of the regions results and reporting back to New York. However, crucially you will be expected to analyse the information you are providing, anticipate questions from the US and provide financial support to operations managers in the individual businesses. It is envisaged that the successful candidate will spend approximately two years in this role at which point internal opportunities will be considered, either in the UK, New York or any of DMB&B's other operations.

Candidates should be qualified accountants with a good academic background and some exposure to group accounting issues. However, it is vital that all candidates should possess the drive, ambition and personality that will allow them to progress a career within this global organisation. Interested applicants should send an up-to-date curriculum vitae (quoting reference 353862), to Mike Deane, Michael Page, Page House, 39-41 Parker Street, London WC2B 5LN.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Madrid Hong Kong Singapore Sydney Melbourne

THE NATIONAL GALLERY

Head of Finance

Central London — c £40,000 + Excellent Pension

The National Gallery houses the nation's collection of Western European paintings. The Gallery's purposes are to keep the pictures safe for future generations, add great pictures to the collection and make it accessible to the public.
The Gallery's annual income is approximately £30 million. About half of this income is generated by commercial activities and fundraising to supplement grants received from the Government.

Based in Trafalgar Square, the Head of Finance has a key role to play in the continued success of the Gallery, through the effective management of its financial policy and strategy. Reporting to the Director of Administration and managing a team of eight, key responsibilities include:

- Defining the Gallery's financial strategy for achieving its aims and managing resources in order to meet the strategy in the most effective manner.
- Formulating and implementing financial policies in line with Government regulations and the Gallery's corporate objectives.
- Leading the process for decision making on funding the Gallery's activities.
- Presenting the financial strategy effectively to Gallery staff and the Government.

The successful candidate will be a qualified accountant with proven strategic ability, highly numerate, an effective communicator and an able manager. Experience of the public or not-for-profit sectors would be of value, but is not essential.

If you are interested in this position, please forward a CV including details of current salary package to Stephen Rutherford, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Fax: 0171 831 6293.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Controller

South West — Package to £40,000

Our client, a subsidiary of a large multi-national manufacturing group has operations worldwide. The company has established itself as the world's leading producer within its specialised field. Throughout Europe and the USA, the name is synonymous with the highest quality and has an unrivalled reputation in the industry.

Export business is in excess of 65% of production and sales in the Middle and Far East are growing. Reporting to the Finance Director, you will work as an integrated part of the management team and will interface heavily with manufacturing. With a proactive and 'hands on' operational style, you will provide sound financial and business advice and direct and develop a small finance team.

Key accountabilities will include monthly reporting, manufacturing variance analysis and controls, MIS capability enhancements and profit planning.

Experience based in a manufacturing environment is essential. You will be conversant with standard costing systems and will be fully appreciative of all 'shop floor' operational based issues. A proven staff manager, you will be capable of setting clear objectives and measuring performance.

A professional, energetic, self starter, you will be capable of further progression.

Interested candidates should apply in writing enclosing a CV and covering letter, with day-time telephone and current package details to Kathryn Roberts, Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL, quoting ref CIMA.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

laura ashley

Group Financial Accountant

London — c £35,000 + Car + Benefits

Laura Ashley is a global retailer with a strong presence in both Europe and North America. Their brand is recognised throughout the world and following a period of significant change, they are poised to enjoy sustained growth in their major markets. As a result of internal promotion and continuing business growth, an opportunity has arisen for a high calibre candidate to become Group Financial Accountant.

Working for the Group Financial Controller, the successful applicant will not only be involved with the consolidation of monthly results but will be expected to analyse and interpret this information for presentation to the Board. In addition, the Group Financial Accountant will also play a significant role in the implementation of a new group financial package.

The successful candidate should be a qualified accountant with at least two years post qualification experience and knowledge of JD Edwards. Whilst a retail background would be an advantage, it is not essential.

If you are a lateral thinker and wish to be part of a dynamic international organisation, Laura Ashley offers the chance to join a company committed to personal development with excellent future career opportunities.

If you have the above skills, please forward a comprehensive curriculum vitae, including details of current salary and daytime telephone number, quoting reference 351701, to Simon Bell, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, or fax on 0171 831 2612.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

PRP Architects

Financial Controller

Surrey — c £35,000 + Car Allowance

PRP Architects is a well established and successful organisation, which specialises in housing, healthcare, education and leisure projects. PRP Project Services is a complimentary company that provides project management and surveying skills.

Operating out of their offices based in Hampton Court and central London, PRP has a predominantly blue-chip client base, thus ensuring long term success.

Based at Hampton Court, the Financial Controller is the No 1 finance position within the company and to this end will be responsible for all aspects of the finance department. Primary duties will include the following:

- Participation in contract and fee negotiations with existing and potential clients.
- Development of management information that adds value to the organisation and ensures that project profitability and performance are clearly identified.
- Development and production of key performance indicators.
- Day-to-day management of the finance team.
- Preparation and analysis of monthly management accounts and annual budgets.

This a particularly commercial facing role which will involve extensive liaison with senior management and external business advisors. The successful candidate will be expected to gain a thorough understanding of PRP's business, particularly the main cost and revenue drivers to ensure that key decision support information will add value to the organisation.

The ideal candidate will be a qualified accountant with considerable experience in industry and commerce, which should include the management of a finance team. A results orientated individual, candidates should possess excellent interpersonal skills and a proven ability to deliver on time. This is a key appointment for PRP and the opportunity exists for the right candidate to progress to a directorship. This is an excellent opportunity for a well motivated and enthusiastic individual to develop a career in a dynamic environment.

Applicants should forward a comprehensive CV, quoting reference 355010, and including current salary details to Alistair Robinson CIMA at Michael Page Finance. Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

EUROPEAN FINANCIAL CONTROLLER

Reading, Berks — c.£60,000 + Car + Bonus

Prism Solutions Inc. is a US quoted software organisation, recognised as the market leader in the provision of leading edge data warehouse products and associated consulting services. Their outstanding growth is attributable to key strategic alliances with renowned IT multinationals and the development of revolutionary new products. Following their successes an important position has arisen for a 'hands on' finance professional to add value to their International business.

THE COMPANY

- Public US Group with operations worldwide
- Impressive record of growth; continual increase in market share
- Enviable client portfolio including Barclays Bank plc, Eagle Star, Inland Revenue, Mobil and DHL
- Fast moving industry; young and entrepreneurial management team

THE ROLE

- Reporting to the VP - International, your brief will be to maximise revenue and profits whilst controlling risk
- Take full responsibility for finance functions in the UK, Europe, Middle East, Africa and the Far East
- Work closely with Sales and Marketing in the development of new business and contract negotiation
- Liaise with US and external advisors on tax planning and global finance issues

THE PERSON

- Graduate ACA/CIMA/ACCA or equivalent with 5+ years pqe; age indicator 30-40
- Distinguished track record of achievement within the software industry is essential
- Commercially driven, sales orientated finance professional
- Team player; ability to work with international senior management in developing future growth of the business

For further information please contact our advising consultants Sharmila Sharon Parekh or Andrew Bott at Executive Match on 0171 872 5544, or write enclosing your CV quoting ref. F1565 to them at the address below.

All direct applications will be forwarded to Executive Match.

PRISM SOLUTIONS

EXECUTIVE MATCH
1 Northumberland Avenue,
Trafalgar Square,
London WC2N 5BW.
Fax 0171 753 2745

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KPMG

World Class Treasury Opportunities

Play a Leading Role in the Development of a World Class Treasury Function

- Highly attractive tax-free salary + comprehensive benefits
- Opportunities for dynamic professionals
- Gulf region
- Highly successful multi-national oil company
- Leading edge treasury operations

Our client is a major oil producer, refiner and retailer with significant interests throughout the Gulf region, Europe and America.

They are based in a progressive part of the Gulf region with an infrastructure and economy second to none.

Our client is totally committed to the most efficient use of its natural resources and has a highly professional management team and organisational structure in place.

As part of this commitment to excellence they have embarked on the implementation of a world class treasury function and now need to make four key appointments to manage the completion and development of the project.

Treasury Accounting Co-ordinator – ref: GRA
- Management of the accounting, settlement and reporting function with two staff.
- Monitoring adherence to key controls and limits.
- Reporting and analysis of local and overseas treasury and investment functions.
- Managing the development of treasury systems.

Senior Treasury Analyst – ref: GRT
- Evaluation of risk management strategies for local and overseas operating companies.
- Development of risk monitoring and reporting systems.
- Planning long term cash flows.
- Working with two treasury analysts.

Senior Investment Analyst – ref: GRI
- Evaluating and reporting on external fund managers' performance.
- Advising on fund management guidelines and mandates.
- Developing investment management systems.
- Working with one investment analyst.

Senior Dealer – ref: GRD
- Identification of short term cash and liquidity positions.
- Dealing in local and overseas foreign exchange and money markets, treasury bills and bonds and basic derivative instruments.
- Implementing cash management arrangements with local operating companies and banks.
- Working with two other staff and assisting in the implementation of new systems.

Candidates are likely to be aged at least 30 and have significant relevant experience gained in a corporate treasury function, fund management organisation or bank. Of equal importance are the personal qualities necessary to be successful within this organisation.

Candidates should be able to demonstrate the drive, determination and resilience necessary to succeed, combined with the diplomacy and persuasiveness necessary to ensure that others welcome change.

Appointments will be made on a one year extendable contract.

Interested candidates should apply in writing with full career details including salary, and where possible, a daytime telephone number quoting the appropriate reference number to Gerard Moore, KPMG Selection & Search, 1–2 Dorset Rise, Blackfriars, London EC4Y 8AE.

Overseas candidates should fax their details on +44 (0) 171-311 5872.

KPMG Selection & Search

A message for all experienced accountants. Start from scratch.

Whether you're currently in business or in practice, there's one thing which remains out of reach: an opportunity to build something from a clean sheet. Out of reach, but not out of the question. Consider that Equitas was formed in 1996 as part of the Lloyd's Reconstruction and Renewal Plan, and that we alone have had the chance to develop an organisation which is not only based on best practice, but is a major influence on the London insurance market.
Turn your thoughts to the creation of a new department and imagine how, in an intense period of development, you will be part of a unit which deals with high volumes of transactions, becoming exactly what you make it.

Manager, Insurance Reporting and Control — City
You will control the integrity of our insurance accounting records. Establishing links with the new Equitas Data Warehouse (EQUIP) will involve close liaison with external contractors and the associated development teams. You will also be responsible for the supply of information to other areas within Equitas.

Manager, Insurance Banking Services — City
This department will process £7bn in receipts and payments in its first year of operation. You will need to look at streamlining our cash processing, particularly collections, and initiatives to achieve this are already under way. In all, we'll look to you to improve the flow of cash between ourselves and our counterparties.

Manager, Syndicate Accounting Services
Farnborough, Hampshire
We shall be bringing the accounting and administration of many of our reinsured syndicates in-house over the coming months. Your brief will be to provide them with a market-leading, comprehensive accounting service, starting with developing high quality systems and processes to handle increased volumes. You will also need to develop good working relationships with other departments and with external business contacts.

For all these newly created positions, you'll need to demonstrate that this isn't the first time you have successfully instigated change. With at least 3 years' PQE, you will know how to define your own role, and you will have excellent presence with senior professionals. You will have the technical expertise to add value to our business and sufficient knowledge of IT to influence how systems should develop. Experience of financial services, particularly insurance, would of course be an advantage.

This is your chance to establish high quality systems and processes and new ways of working within the London insurance market. In return, we offer a total remuneration package of between £40,000 and £50,000 per annum. Salary, however, will not be a barrier to the right applicants.

To find out more about the company, the roles and the rewards, please write with full career details to David Chancellor, Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Telephone: 0171 379 3333. Fax: 0171 915 8714. Email: david chancellor@robertwalters.com

The closing date for applications is 30th June 1997.

EQUITAS

Tax Manager

Geneva

Reuters is one of the world's leading providers of news and financial information, operating in 161 countries. The success of this technologically-led global company is reflected in profits of over £700 million a year, and market capitalisation of nearly £12 billion.

Reuters is seeking to hire a Tax Manager to join its legal and tax department at the company's regional headquarters for Europe, Middle East and Africa, based in Geneva, Switzerland. As a member of a team of five tax specialists, you would be involved in:

- advising regional management on complex tax issues such as transfer pricing, structuring of new business and taxation of international electronic services
- advising local management of Reuters operations and ensuring compliance with local requirements and group tax policies.

The successful candidate will have an excellent academic record earned in one of the main European countries, with emphasis on accounting and tax. Ideally, the candidate will have a minimum of five years' experience with a major tax firm or a multinational company, but other backgrounds are also welcome. English is the company language; other languages are an asset. The right person will be business-minded with an open personality, at ease with contacts at high level, independent, and ready to travel.

Opportunities may exist in the medium term to move around the company internationally.

For further information contact Jim Birtwell or Matthew Phelps on (0171) 415 2800, or forward a comprehensive resumé to Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. Outside hours (0171) 622 0900. Any applications made directly to Reuters will be forwarded to Brewer Morris.

Reuters is an equal opportunities employer.

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REUTERS
The Business of Information

FINANCIAL CONTROLLER

City — **c£55k + Car + Benefits**

THE COMPANY

This highly autonomous financial services trading subsidiary of a major European Bank has achieved exceptional year on year compound growth during the 1990s. Providing a diversified service on all the major US and European exchanges, the group's products span interest rate, bond, currency equity products and commodities. Recent important strategic acquisitions have positioned the group well to achieve ambitious targeted growth plans up to and beyond the millenium.

THE ROLE

Reporting to the Finance Director the role requires regular deputisation in his absence. He/she will take overall responsibility for group management and statutory reporting including budgets and forecasts, regulatory and tax issues. The team of 11 staff will be responsible for the production of detailed financial information allowing scope to become involved in specific projects as agreed with the Finance Director. The role is "high profile" within the group which therefore requires proven man-management and strong communication skills.

THE CANDIDATE

Candidates must be qualified accountants with 2-4 years' post qualification experience and may be working either in practice or commerce. A knowledge of financial derivatives and regulatory reporting would be beneficial but most crucial to the success and continued development of the role are effective liaison skills at all levels, both within the UK and internationally, in addition to a clear, technical understanding of accounting issues.

Interested applicants should forward their CV to **Gary Johnson** at Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. E-mail: info@llambias.co.uk

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Courtney Anderson on +44 0171 873 4153

FINANCE DIRECTOR

High-tech Manufacturing

Surrey — **c£50,000+package**

Executive board position in the £13 million-turnover UK subsidiary of an international group. A market leader. Customer-focused, technology-driven, niche products and services.

This is a chance for a clear-thinking team player with exceptionally strong communication skills to step up to board level and become involved in the commercial management of the business at a time of rapid change and ambitious expansion.

The essence of the role is to work closely with the MD, providing accurate business performance figures and informed commercial guidance. High on the agenda will be a review and upgrade of the costing and management information systems. The UK office is responsible for sales throughout the EMEA region which adds an international dimension, as does liaison with corporate HQ.

We want a highly motivated qualified accountant with a record of management in a manufacturing environment. International experience would be a plus. Enthusiasm, leadership and a hands-on operating style are essential.

Please write sending full cv to Criterion Search, 50 Regent Street, London W1R 6LP, quoting ref: 1101. Tel: 0171-470 7212. Fax: 0171-470 7171.

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IT Appointments

IT RECRUITMENT CONSULTANTS *Australia*

Live and work in one of Australia's great eastern seaboard cities. Enjoy the Year 2000 Olympic Games!

Recruitment Solutions has offered specialised recruitment services to leading companies for over a decade. Employing over 80 people in Australia, our turnover is already over A$33 million and we're growing fast. As one of the most successful and fastest growing recruitment companies in Australia, we are seeking experienced IT recruitment consultants.

This is a unique opportunity to use your recruitment consulting experience in the Australian marketplace, dealing with senior executives in leading companies and working in a corporate environment as part of a committed team.

We will provide you with highly competitive remuneration, generous benefits and arrange your visa to work in Australia for a period of up to four years.

Interviews will be held in London in early July.

Telephone, fax or write to Mark Smith CPA,
Recruitment Solutions (Australia) Ltd, 80 Haymarket, London SW1Y 4HW
Tel: 0171 321 2999 Fax: 0171 839 5919

Recruitment
SOLUTIONS

We're looking for Project Managers/Architects who can really make their

Mark

(and Pound, Dollar, Yen...)

to £100K package • City

Three groups of people stand to benefit from our radical, outside-in approach to information technology. Our clients will enjoy greater power and flexibility to take decisions and manage their exposure to risk. Our traders will have the tools they need to exploit every opportunity as it happens.

And the third group? Without doubt the people who lead development projects that the financial and IT worlds are already talking about, and that will propel a famous investment banking name into the league of the few global superbanks.

Our spec. is as demanding as the roles themselves. We're looking for people who've been there, done it (invariably against long odds and equally long hours) and implemented several generations of major projects in financial derivatives – systems that have made not just good logic but serious money. Your financial knowledge and technical skill, and your ability to communicate both, will have made your advice and leadership sought in any team you've worked in – so even in management roles like these, you'll be inspiring more than controlling, and still contributing at the technical level.

With that kind of approach, you'll welcome the close involvement with the traders who'll be looking to you to help them manage risk that can fluctuate wildly from one minute to the next.

The tools and packages in which you're something of an expert should include:-

Visual Studio, C++, ActiveX, Java, DCOM, CORBA, IIOP, Orbix, Versant

You'd join us in plenty of time to put your own personal stamp on the projects you'd handle. You'd work with the very latest technology, without so much as a trace of a legacy system to hold you back. You'd also work with some exceptionally able people in every function and at every level. And while you'll be working in the City at probably the most exciting time since the 80's, you'll be implementing systems whose impact will be truly global.

Send your c.v., quoting Ref. FT02, to Saralie Nelson, Kleinwort Benson Limited, PO Box 560, 20 Fenchurch Street, London EC3P 3DB. Fax 0171 956 8464. E-mail: nelsons@kben.co.uk

Kleinwort Benson Limited is a member of the Dresdner Bank Group.

Dresdner Kleinwort Benson

AINSWORTH & ASSOCIATES

Ainsworth and Associates are specialists in the development of Business Solutions and the application of Information Technology in Finance, with long experience of financial business operations in many different client environments. During the past ten years, we have developed a reputation for excellence unequalled in our field.

Owing to recent expansion we are currently seeking to recruit

Principal & Senior Consultants

with experience in:

Project Management

You have at least 5 years experience running multi-man-year bespoke developments or package selection/systems integration projects using modern Project Management tools and methods within the financial services industry.

Business Analysis

Your profound understanding of the financial services industry will have been gained over a period of 5 – 8 years developing IT solutions with a leader in Asset Management, Custody, Securities Trading & Processing, Investment Banking or Life & Pensions.

Systems Integration

You have specialist understanding in areas such as interfaces, data integrity and security, application and infrastructure performance and tuning, software configuration management, and supplier management gained in a sophisticated financial services environment.

Software Development

You are an accomplished practitioner in the use of PowerBuilder, C++ or VB5, maybe with team leading experience for large scale developments ideally but not necessarily in the financial services sector.

We offer an attractive remuneration package including equity participation and provide an excellent environment for personal development.

In the first instance please contact our retained consultants, quoting reference DA/5, Vine Potterton Limited, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB. Tel: 0171-955 0900. Fax: 0171-955 0901.

Business, IT and Training Solutions in Finance

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The FT IT Recruitment section is also available all week on www.FT.com

ACCOUNTANCY APPOINTMENTS

Finance Analyst

c. £45,000 & Car
West London

This is a corporate centre financial analysis role incorporating the Corporate Finance and Treasury work of a very active multi-divisional UK plc which is developing its businesses internationally by various forms of organic development, joint venture and acquisition.

These developments give rise to a challenging variety of issues and create a very busy environment for a lively but compact Headquarters team.

To strengthen the team the Head of Corporate Finance wishes to recruit a Graduate Chartered Accountant with approximately 3 years relevant post qualification experience gained either in transaction support work within the profession or in a related role in commerce. Some treasury related experience/ exposure would be an advantage.

The role calls for a confident pro-active team player with good interpersonal and negotiating skills and the intellectual ability to pick up new situations quickly, identify the central issue and deliver a well crafted prompt solution. A good academic record and above average professional experience are important basic requirements.

Please reply in confidence quoting reference L633 to:-

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 0171-240 7805

Mason & Nurse
Selection and Search

FT FINANCIAL TIMES — Les Echos *Le Quotidien de l'Économie*

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to target the French business world.

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Toby Finden-Crofts on
+44 171 873 4027

PLC Group Financial Accountant

c. £45,000 & car

Our client is a FTSE 500 plc., headquartered in West London, with International Subsidiaries and Joint ventures in the USA, Europe, the Far East and Australasia.

They now wish to appoint a Group Financial Accountant who will take responsibility for all Statutory Accounting and the underlying reporting and systems; the Corporate Legal Structures including an input to the taxation issues; balance sheet reviews; and the development of corporate policies. A major aspect of the role will be project managing the introduction of a new suite of accounting systems.

This is a challenging role with considerable scope for personal and technical development and the achievement of a good range of identifiable goals.

Candidates should be Graduate Chartered Accountants with Big 6 Audit training followed by specific systems exposure within commerce or on secondment to consultancy or IT Departments within the profession. Strong relevant technical skills are required for the immediate role and as a platform for promotion to a more commercially orientated Controller type position within the businesses or an alternative position at H/O which should be achieved within 3 years.

Age guideline 28 – 32 years.

Please reply in confidence quoting ref: L634 to

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 0171-240 7805

Mason & Nurse
Selection and Search

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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:
Courtney Anderson on +44 0171 873 4153

هكذا من الأصل

IT Appointments

Project Manager – Front Office Development

Threadneedle

Excellent Salary & City Benefits Package

Threadneedle Asset Management is a rapidly expanding global investment management house with £31bn* under management. The company currently manages a variety of funds including Institutional Pension Funds, Unit Trusts and Offshore Funds. Their aim is to become a market leader in global asset management. To help achieve this, the company has expanded over recent years, providing a quality investment service with excellent investment results. As part of this ongoing expansion, the need for development within the technology division has been recognised.

A new position has opened within the IS group in London for a project manager in the front office.

You should have:

- experience of all aspects of fund management or securities operations.
- knowledge of the investment process.
- proven success in the development of systems for short, medium and long term gains, aligned to business planning.
- excellent technical skills gained through career progression from a systems analyst background, ideally within fund management.
- first hand experience in controlling the planning and delivery of front end operational projects.
- customer focused, pro-active approach with strong communication skills.
- ability to motivate others, work on own initiative and to contribute as part of a team.
- ability to gain the confidence of Senior Management.
- a good degree in a numerate discipline; a professional qualification is desirable but not a pre-requisite.

Technical requirements:

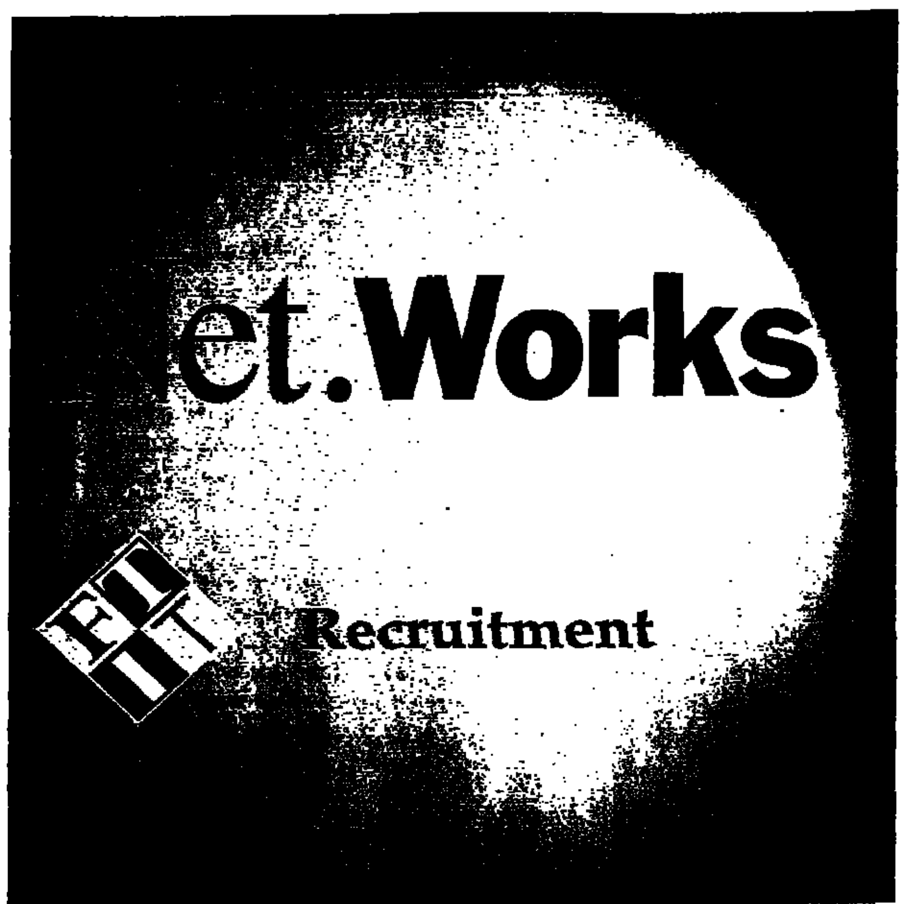
- Reuters (Triarch), Bloomberg, Preview, MS-Office, Visual Basic, SQL and Sybase skills.

You will receive a highly competitive remuneration package, technical and management development training in a challenging operating environment.

**as at 31 December 1996.*

If you fit the above criteria please send your cv to:
Edward Hunter Blair at Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection



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Information Technology - Equities

A Bigger Share of International Roll-Outs

Business Analysts — Outstanding Packages

Deutsche Morgan Grenfell, the investment banking arm of Deutsche Bank, serves over 8 million customers in 44 countries. With our global equity business continuously expanding and impacting heavily on the organisation, we are investing in the very latest technology and the very best people to support our front and middle office operations.

A new, dynamic function has been established to manage the roll-out of applications around the world and to support existing systems in the London front office. These highly advanced and mission-critical systems cover risk management, position keeping and order routing for the cash and equity derivatives businesses, as well as research and sales databases.

Four commercially-focused team players are sought for project-based opportunities in **Equities, Derivatives, Convertibles Trading** and **Order Management** - plus a senior supervisory role in the latter area. In each case you will be educated to degree level, with previous exposure to investment banking, particularly in one of these areas.

Knowledge of basic office automation products and MS Project is required, whilst you should ideally be familiar with Reuters, Unix (especially AIX), Oracle/Sybase, structured methods and CASE tools. A second language will also be an advantage and the willingness to travel is essential.

London
June
1997

These positions, based in the City, promise outstanding career development prospects in the UK and overseas, with **remuneration and benefits packages that will not prove a limiting factor to the ideal candidates.** To apply, write with full career details, quoting reference FT/4, to: James Kelly, Director, Maxwell Jamieson Associates, 150 Minories, London EC3N 1LS. Tel: 0171 264 2264. Fax: 0171 264 2265.

Deutsche Morgan Grenfell

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:

Mark Cunnington on +44 171 873 3761

Courtney Anderson on +44 171 873 4095

DERIVATIVES ANALYST DEVELOPER

Salary £50-80,000 + Banking Benefits

Our client is one of the United States' largest Global Investment Banks and Securities Trading and brokerage firms. It offers a full range of activities including Equity, Fixed Income, Mergers & Acquisitions, Corporate Banking, Asset Management and Securities Services. They are committed to financial innovation and independent thinking and integral to this is their thorough understanding of market dynamics.

A position has arisen for an Analyst-Developer to work across the Fixed Income, FX and Equities Trading Floor. Your brief will be:

- **To examine the integration of new Exotic FX Option Products into a Unit based trading and Risk Reporting system.**
- **Working closely with the Quantitiative Analysts, implementing derivatives pricing models in C/C++.**
- **Providing template building and specialist spreadsheet support to the traders.**

Ideally, you should possess the following attributes:

- **Excellent knowledge of Fixed Income, FX, Equities or associated Derivates Markets.**
- **C/C++ and SQL (Sybase) programming skills.**
- **Knowledge of Unix and Windows programming.**
- **Numerate with demonstrated analytical abilities.**

If you currently work within the Investment Banking arena and are seeking a fresh challenge and an environment where success is highly regarded, please contact our retained consultants.

If you are interested in the above positions, please contact either Louise Williams or Eleanor Collins
Quoting Ref 0013

H[redacted]y
INVESTMENT BANKING
17 St Helens Place, London EC3A 6DE

Tel: 0171 335 0005
Mobile: 0973 317 330
Fax: 0171 335 0008
Email: jobs@huxley.co.uk

INVESTMENT BANKING

Our client is one of the world's leading independent providers of information services. This multi-billion dollar global corporation is a Leader in technology consulting, system design, integration and management and is a pioneer in outsourcing.
Due to acquiring a seven year contract with a Leading Investment Bank, areas have been identified where additional expertise is required.

BUSINESS CONTINUITY ANALYST (REF 60)

Liaising extensively with Senior Managers within the bank in the development and maintenance of their business continuity plans.
Supporting the annual test programs while dealing extensively with the contingency technology groups on new business requirements and business continuity test activities.

Desired knowledge

- Business continuity and analysis skills
- Financial services experience
- Microsoft Windows and related products.

CHANGE MANAGEMENT ANALYST (REF 61)

Working as a member of the European Change Management group.
Taking a leading role in the co-ordination of changes to the technical environment, supporting the European business and the implementation of Change Management Systems and tools.

Desired knowledge:

- Broad based technical knowledge gained in operations, operations analysis or technical support.
- Use and administration of Change Management tools.
- Experience in the design and implementation of Change Management Systems will be useful.

Please contact Fred Banfield
Tel: 0171 325 7157
Fax: 0171 325 7101
Eves: 01268 766870
Please quote a reference

H[redacted]y
INVESTMENT BANKING
17 St Helens Place, London EC3A 6DE

Tel: 0171 335 0005
Mobile: 0973 317 330
Fax: 0171 335 0008
Email: jobs@huxley.co.uk

IT OPPORTUNITIES AT SWISS RE

London c.£40,000 - £65,000 + car + benefits

Swiss Re

The Swiss Re Group is one of the leading reinsurers in the world and is active in all major reinsurance markets. A recent Group restructure has led to the development of its Life & Health Business which will operate from a new Global Head Office to be based in central London. This has led to the need to make three key, senior IT appointments. All three roles report directly to the Head of UK IT and provide excellent opportunities to coach, mentor and develop a new IT department.

The IT environment within Swiss Re is totally business focused. Successful IT Managers with Swiss Re L&H are not status driven, but motivated by the scope and challenges in the breadth of their roles. They possess a positive can-do mentality with enthusiasm for being IT leaders of people who make things happen with technology in partnership with the business. They also have a keen interest in global initiatives and work in partnership with their IT colleagues around the world. Some international travel may be required.

Life & Health Business Systems Manager

Key Responsibilities

- lead the team in the provision of business systems for all aspects of the Life & Health Business
- partner with the business in all aspects of systems development to deliver systems that really address the needs of the business and our clients
- participate in the management of UK IT
- share and co-ordinate resources across all development teams and group projects.

Expertise

- in-depth insurance or reinsurance industry background
- client/server experience an asset
- full knowledge of system development life cycles
- proven project leading/management skills
- strong interpersonal skills. Ref:SWR101A/DRW/FT.

Systems Development Manager Finance, Valuation & HR

Key Responsibilities

- lead the team in the provision of systems to Finance, Product Development, Valuation and HR
- partner with the business in all aspects of systems development to deliver systems that really address the needs of the business and our clients
- participate in the management of UK IT
- share and co-ordinate resources across all development teams and group projects.

Expertise

- finance, insurance or reinsurance background
- client/server experience an asset
- full knowledge of system development life cycles
- proven project leading/management skills
- strong interpersonal skills. Ref: SWR101B/DRW/FT.

IT Development Standards Leader

Key Responsibilities

- establish and evolve best practice development standards on all platforms and ensure they are applied appropriately
- take responsibility for the provision of a Systems Development Life Cycle
- responsible for Project Management methods
- provide QA on development projects and quality assessments on the structure and development standards in IT
- provide and co-ordinate systems development training.

Expertise

- experience in all aspects of systems development
- thorough understanding of structured methodologies
- training/coaching skills in standards and methodologies
- excellent communicator. Ref: SWR101C/DRW/FT.

In the first instance, please send a letter and cv quoting the appropriate reference and outlining current remuneration, with a paragraph addressing each of the points above, to our advising consultant David Walder, Executive Search and Selection, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

Profit/Performance Improvement Specialists Management Consultancy

UK wide ***Highly competitive package***

KPMG is among the world's largest business advisory organisations, providing outstanding management consultancy services. Our growth in the Manufacturing, Retail and Distribution sector is phenomenal. Highly industry-focused, we specialise in innovative consulting for a broad range of blue chip, multi-national organisations.

This dynamic growth is set to continue.

The excellence of our services comes from our people, who can draw on their knowledge and experience to make a real difference to our Clients. Innovative individuals who can demonstrate a stong track record in project management, successfully identifying and implementing pragmatic solutions and manage all aspects of the resultant change. A pivotal finance management role in profit and performance improvement.

With opportunities in Birmingham, London, Leeds and Manchester, we seek people who welcome challenges and enjoy continually having their skills stretched and developed. The work is very diverse and broad ranging, providing the opportunity to operate within different industry sectors and different sizes of company, each with their own unique structure and culture.

Of graduate calibre, maybe with an MBA, you are either a professionally trained finance manager or have a strong commercial line management background. With excellent interpersonal skills and experience of working at senior levels, you'll need to have a highly professional approach to strategic and operational issues.

If you think you are one of these exceptional people this could be the opportunity you've been waiting for. A chance to join an ambitious management consultancy which can offer you extensive personal growth and development, where your own achievements will be recognised and rewarded. You can grow with us and make a difference at the leading edge of consultancy in the UK and worldwide.

Please write with full career and salary details, quoting reference B/633/97 to Chris Paling, KPMG Selection & Search, 2 Cornwall Street, Birmingham B3 2DL. Any preference for location should be clearly marked on your application.

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means business

Making the difference

Finance Director

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Highly competitive package ***Andover, Hampshire***

Unique opportunity for senior professional

With annual sales of £50m and 850 staff, Ducal Limited is Europe's leading manufacturer of quality pine furniture. The privately owned company is poised for significant future growth.

As part of the top team your brief will be to:

- take a pivotal role in developing the company's commercial strategy
- rigorously monitor and improve margins and business performance
- develop and implement information systems which enhance corporate growth
- take full responsibility for all aspects of the financial management of the business
- implement tight financial controls

You are a qualified accountant who applies an innovative approach to business problems. You possess a proven track record of managing significant change programmes, probably gained in "Blue Chip" manufacturing environments, plus highly developed analytical and organisational skills. You need to be a team player, tough minded but still able to work closely with colleagues through excellent communication and influencing skills. Integrity, gravitas, confidence and personal energy are pre-requisites.

Please write enclosing a C.V., current salary and a number where we can contact you to Sam Seager, at the address below.

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Chartered Accountants

PLANNING AND ANALYSIS MANAGER

City of Oxford ***c.£34,000 + Benefits***

BLACKWELL'S

As one of the world's leading book suppliers and subscription agents, Blackwell's has built up a superb reputation, with a name synonymous with quality the group continues to grow from strength to strength. The business serves the international academic community, supplying books, journals and associated products.

Blackwell's specialises in the supply of British and European books and journals world-wide. Through the associate company in North America, a range of complimentary services is available in the US and Canada. With recent changes in the senior management of the Company, Blackwell's is currently undergoing a period of re-engineering where new business initiatives are being implemented throughout the group. The strategy of the team includes taking the company forward to the next millennium with firmly established controls and systems in place.

The Position
This is an exciting opportunity for a qualified accountant to join a very dynamic business. The primary focus of the role will be to produce effective management information for the Global Journals Executive Team. Being responsible for the production and analysis of revenue trends, gross margins and other key cost drivers, the Planning and Analysis Manager will contribute to the strategic decision making process, through the preparation of reports, forecasts, budgets and commentaries for the Management Board.

Additional responsibilities will encompass capital expenditure, investment proposals and pricing analysis/modelling. There will also be occasional travel to the US operation to enable the production of UK and US operational reports. Managing a small team, you will also be involved in the leadership, training and development of your staff.

The Person
A qualified accountant, preferably ACA/CIMA, with a minimum of 4/5 years commercial experience, you will have experience of working within a larger company. Exposure to high volume accounting systems and financial modelling is essential. You will ideally have gained your post qualification experience within a commercial management accounting environment and be at the right stage of your career to embark on a high profile, senior management role.

A high level of initiative and self-motivation is key, together with strong interpersonal skills, to be able to work effectively with and present to the senior management team.

For further information, please contact Kiran Makkar, quoting reference KM/CP011

NIGEL LYNN ASSOCIATES

6 Worcester Street
Gloucester Green
Oxford OX1 2BX

Telephone: 01865 202066
Facsimile: 01865 202033

Any CVs sent directly to Blackwell's will be forwarded to Nigel Lynn Associates.

GlaxoWellcome

Take a major step forward in management reporting with a global leader

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- **Have you the talent and professionalism to make a significant contribution to a progressive, quality driven team?**
- **Can you help drive the continued transformation of the management reporting function by providing innovative information solutions?**
- **Are you flexible, proactive and quick to respond to the challenges of a changing business environment?**
- **Do you pride yourself on your interpersonal and technical skills, your integrity and your commitment to your company?**

Glaxo Wellcome is one of the world's largest pharmaceutical companies, with 54,000 people employed in operating companies around the globe. With annual sales in excess of £8bn, our client is a complex business, operating in a competitive, fast moving sector in which progressive management information is critical to success.

Due to their on-going philosophy of personal development, opportunities have arisen to join the organisation's Group Management Reporting team within Group Finance, which provides high level financial and product information, analysis and support to senior management and operating companies worldwide.

Systems Development Accountant

c.£40,000 + BENEFITS

In recognition of a significant dependency on the evolution of core systems and also of the increasing potential for IT based solutions to enhance all areas of the department's work, a new role is being created.

A strong accountant with a keen interest in systems development and experience to match, you will support all areas of the team, providing the principal interface with the department's IT support. While maintaining current systems integrity, you will be responsible for identifying, initiating and driving through opportunities for new and enhanced systems solutions to the department's current workload and objectives. This will require close liaison with both customers and technical teams to specify requirements and plan, co-ordinate develop and implement business focused solutions.

You should be a qualified accountant, educated to degree level, with a sound technical accounting background and at least a year's PQE gained within a large organisation. A strong base of IT knowledge is vital, with experience of large database and multi-currency consolidations. You should also have excellent planning and communication skills and the experience to initiate and co-ordinate large scale systems developments.

Financial Analysts

c.£35,000 + BENEFITS

An opportunity has arisen for two recently qualified accountants to join the team responsible for all aspects of the collection, consolidation, analysis and management reporting of a wide range of historic and forecast business performance information. Responsibilities will include the regular support of designated operating companies across all areas of the department's work.

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